


STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS AND MINING						FORM 3 AMENDED REPORT <input checked="" type="checkbox"/>				
APPLICATION FOR PERMIT TO DRILL						1. WELL NAME and NUMBER Thomas 20-1				
2. TYPE OF WORK DRILL NEW WELL <input checked="" type="checkbox"/> REENTER P&A WELL <input type="checkbox"/> DEEPEN WELL <input type="checkbox"/>						3. FIELD OR WILDCAT DRUNKARDS WASH				
4. TYPE OF WELL Gas Well Coalbed Methane Well: YES						5. UNIT or COMMUNITIZATION AGREEMENT NAME				
6. NAME OF OPERATOR CBM PRODUCTION LLC						7. OPERATOR PHONE 435 691-6000				
8. ADDRESS OF OPERATOR PO Box 393, Ephraim, UT, 84627						9. OPERATOR E-MAIL troy@savoyenergy.com				
10. MINERAL LEASE NUMBER (FEDERAL, INDIAN, OR STATE) FEE			11. MINERAL OWNERSHIP FEDERAL <input type="checkbox"/> INDIAN <input type="checkbox"/> STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>			12. SURFACE OWNERSHIP FEDERAL <input type="checkbox"/> INDIAN <input type="checkbox"/> STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>				
13. NAME OF SURFACE OWNER (if box 12 = 'fee') Robert Thomas						14. SURFACE OWNER PHONE (if box 12 = 'fee') 435-637-5596				
15. ADDRESS OF SURFACE OWNER (if box 12 = 'fee') 1455 South Hwy 6, Price, UT 84501						16. SURFACE OWNER E-MAIL (if box 12 = 'fee') troy@cut.net				
17. INDIAN ALLOTTEE OR TRIBE NAME (if box 12 = 'INDIAN')			18. INTEND TO COMMINGLE PRODUCTION FROM MULTIPLE FORMATIONS YES <input type="checkbox"/> (Submit Commingling Application) NO <input checked="" type="checkbox"/>			19. SLANT VERTICAL <input checked="" type="checkbox"/> DIRECTIONAL <input type="checkbox"/> HORIZONTAL <input type="checkbox"/>				
20. LOCATION OF WELL		FOOTAGES		QTR-QTR	SECTION	TOWNSHIP	RANGE	MERIDIAN		
LOCATION AT SURFACE		658 FNL 659 FWL		NWNW	20	14.0 S	9.0 E	S		
Top of Uppermost Producing Zone		658 FNL 659 FWL		NWNW	20	14.0 S	9.0 E	S		
At Total Depth		658 FNL 659 FWL		NWNW	20	14.0 S	9.0 E	S		
21. COUNTY CARBON			22. DISTANCE TO NEAREST LEASE LINE (Feet) 158			23. NUMBER OF ACRES IN DRILLING UNIT 317				
			25. DISTANCE TO NEAREST WELL IN SAME POOL (Approved For Drilling or Completed) 1550			26. PROPOSED DEPTH MD: 3180 TVD: 3180				
27. ELEVATION - GROUND LEVEL 6387			28. BOND NUMBER ZSB802809			29. SOURCE OF DRILLING WATER / WATER RIGHTS APPROVAL NUMBER IF APPLICABLE Price River Water Conservancy				
Hole, Casing, and Cement Information										
String	Hole Size	Casing Size	Length	Weight	Grade & Thread	Max Mud Wt.	Cement	Sacks	Yield	Weight
COND	14.75	12.75	0 - 50	40.5	H-40 ST&C	8.4	Class G	210	1.16	15.6
I1	11	8.625	0 - 400	24.0	J-55 ST&C	8.4	CBM Lite	230	4.14	10.5
PROD	7.875	5.5	0 - 3180	17.0	N-80 LT&C	10.0	Class G	210	1.62	14.2
ATTACHMENTS										
VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES										
<input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER					<input checked="" type="checkbox"/> COMPLETE DRILLING PLAN					
<input checked="" type="checkbox"/> AFFIDAVIT OF STATUS OF SURFACE OWNER AGREEMENT (IF FEE SURFACE)					<input checked="" type="checkbox"/> FORM 5. IF OPERATOR IS OTHER THAN THE LEASE OWNER					
<input type="checkbox"/> DIRECTIONAL SURVEY PLAN (IF DIRECTIONALLY OR HORIZONTALLY DRILLED)					<input checked="" type="checkbox"/> TOPOGRAPHICAL MAP					
NAME Troy Shelley				TITLE Managing Member			PHONE 4356916000			
SIGNATURE				DATE 01/24/2012			EMAIL troy@savoyenergy.com			
API NUMBER ASSIGNED 43007502560000				APPROVAL  Permit Manager						

AMENDED DRILLING PROGRAM

CBM PRODUCTION LLC

T 14 S R 09 E SEC 20 (FEE)

658' FNL & 659.33' FWL being in NW4NW4

CARBON COUNTY UTAH

- 1) The Geologic Surface Formation
 - a. Mancos Shale
- 2) Estimated Tops of Important Geologic Markers
 - a. Blue Gate/Ferron 2860'
 - b. Ferron/ Tununk Shale 2990'
- 3) Projected Gas & H2O Zones (Ferron Formation)
 - a. Coals and Sandstones – 2730' to 2900'
 - b. No groundwater is expected to be encountered.

Casing n cementing will be done to protect potentially productive hydrocarbons, lost circulation zones, abnormal pressure zones and prospectively valuable minerals deposits. All indications of useable water will be reported.

Surface casing will be tested to 500 psi and production casing will be teste to 1500 psi with a minimum of 1 psi/ft of the casing string depth

- 4) The Proposed Casing and Cementing Programs

HOLE SIZE	SETTING DEPTH (INTERVAL)	SECTION LENGTH	SIZE (OD)	WEIGHT, GRADE & JOINT	NEW USED
14 3/4"	50' CONDUCTOR	50'	12 3/4	40.5LBS H-40 ST & C	New
11"	450'	400'	8 5/8	24 LBS J-55 ST & C	New
7 7/8"	450'	3180'	5 1/2	17LBS N-80 LT & C	New

CEMENT PROGRAM

Surface casing 210+ Sacks Class G or Type V 1.16 ft3/sx 15.6 ppg

Production Casing. 400 CBM light wt – lead 230+ Sacks 4.14 ft3/sx 10.5 ppg

3180 Class G – Tail 210+ Sacks 1.62 ft3/sx 14.2 ppg

Cement volumes will vary due to formations encountered and hole conditions. Total sx Cement 820.

The following will be entered in the driller's log:

- 1) Blowout preventer pressure tests, including test pressures and results;
- 2) Blowout preventer tests for proper functioning;
- 3) Blowout prevention drills conducted;
- 4) Casing run, including size, grade, weight and depth set;
- 5) How the pipe was cemented, including amount of cement, type, weather cement circulated, location of the cementing tools, etc;
- 6) Waiting on cement time for each casing string;
- 7) Casing Pressure test after cementing, including test pressures and results.

- 5) The Operator's Minimum Specifications for Pressure Control

Exhibit "C" is a schematic diagram of the blowout preventer equipment. A double gate 2000 psi BOPE will be used with a rotating head. This equipment will be tested to 1500 psi. All tests will be recorded in the Drillers Report Book. Physical operation of the BOP's will be checked on each trip.

- 6) The Type and Characteristics of the Proposed Circulating Muds

- a. 0-400 11" hole Drill with air, will mud-up if necessary with 8.4 ppg mud.
- b. 400-TD 7 7/8" hole Drill with air, will mud-up if necessary with 10.0 ppg mud. 400 psi @ 1400-1600 cfm.

7) The Testing, Logging and Coring Programs are as follows

- a. 400-TD Gamma Ray, Neutron Porosity, CBL

Any anticipated Abnormal Pressures or Temperatures

No abnormal pressures or temperatures have been noted or reported in wells drilled in the area or at depths anticipated in this well. Bottom hole pressures expected is about 1256 psi Max., however due to offset production pressures may be much lower. No hydrogen sulfide or other hazardous gases or fluids have been found, reported or are known to exist at these depths in the area.

8) **Anticipated Starting Date and Duration of the Operations.**

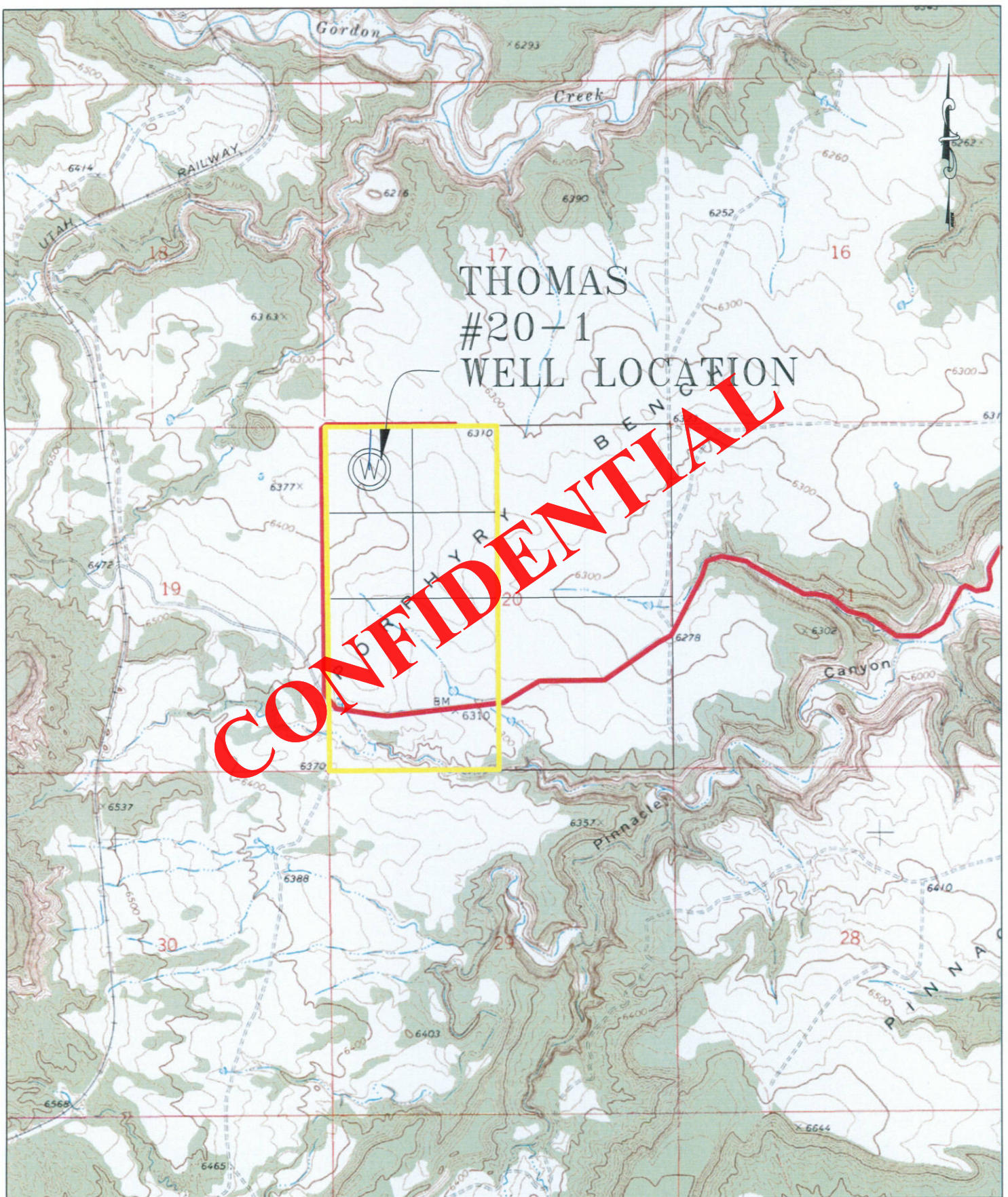
The well will be drilled around February 18, 2012

Verbal and or written notifications listed below shall be submitted in accordance with the instructions from the Division of Oil, Gas & Mining:

- A) Prior to beginning construction;
- B) Prior to spudding;
- C) Prior to running any casing or BOP tests;
- D) Prior to plugging the well, for verbal plugging instructions.

Spills, blowouts, fires, leaks, accidents or other unusual occurrences shall be reported To the Division of Oil, Gas & Mining immediately.

CONFIDENTIAL



LEGEND

- ACCESS ROAD
- APPROACH ROAD
- US HIGHWAY 6
- LEASE LINE

Savage Surveying, Inc.

1925 South Industrial Park Rd.
 Richfield, UT 84701
 Office: 435-896-8635
 Fax: 435-898-0220



LEASE LINE EXHIBIT FOR

THOMAS 20-1

DESIGN BY:	DWG NAME LEASE	SCALE 1" = 2000'	DATE JAN 2012	PROJECT NUMBER 1112-006S	SHEET NUMBER 1
---	SURVEY BY: R.L.	CHECKED BY: R.W.S.	DRAWN BY: R.W.S.		

MEMORANDUM OF SURFACE AND DAMAGE AGREEMENT

WHEREAS on the 31th day of August, 2011, Robert J Thomas a.k.a. Bob Thomas, ("Owner") entered into a Surface and Damage Agreement with Twist Gulch, LLC., ("Operator"), covering well sites located in the W2 of Section 20, Township 14 South, Range 9 East, S.L.B & M., Carbon County, Utah.

WHEREAS said agreement provides for, among other things, the right to enter upon and use the Owner's property for the purpose of erecting and maintaining a well site locations, together with a right-of-way and easement on Owner's land to maintain the well site. Said agreement sets forth payment of specific amounts to cover damages resulting from the construction, use and maintenance of the well sites and access road. Said agreement, with all of its terms, conditions, covenants and other provisions, is referred to and incorporated into this Memorandum for all purposes.

NOW THEREFORE this Memorandum is placed of record for the purpose of giving notice of the Surface Use and Damage Agreement.

Owners:

Robert J. Thomas
Robert J Thomas

Operator:

Twist Gulch LLC

9-6-11

Troy Shelley
Troy Shelley

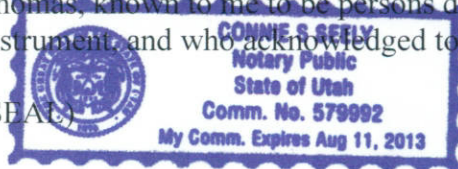
By: 9/6/11

Acknowledgment

State of Utah
County of Carbon) §

On this 6 day of Sept, 2011, before me personally appeared, Robert J Thomas, known to me to be persons described in and who executed the foregoing instrument, and who acknowledged to me that they executed the same.

(SEAL)



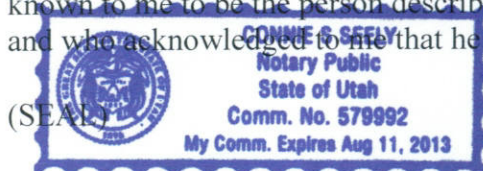
My commission expires Aug 11, 2013

Connie S. Seely
Notary Public

Acknowledgment

State of Utah
County of Carbon §

On this 6 day of Sept, 2011, before me personally appeared, Troy Shelley,
known to me to be the person described in and who executed the foregoing instrument,
and who acknowledged to me that he executed the same.



My commission expires Aug 11, 2013

Connie S. Seely
Notary Public

CONFIDENTIAL

Surface Use Agreement

State: Utah

County: Carbon

Surface Owner: Robert J Thomas

Surface Owner's Address: 1455 S Hwy 6, Price, Utah 84501

Operator: Twist Gulch, LLC

Operator's Address: P.O. Box 393
Ephraim, UT 84627

WHEREAS, by an Oil and Gas Lease (hereinafter referred to as the "Lease") dated May 6th, 2011, by and between Robert J Thomas as Lessor and Rocky Mountain Energy, LLC, as Lessee, the Lessor leased to Lessee, the following described lands, for the purposes of exploring for, developing and producing oil and/or gas:

Township 14 South, Range 9 East, S13&M.

Section 20: W2, less the County Rd right-of-way containing 317.58 acres, more or less
Carbon County, Utah.

WHEREAS, Robert J Thomas, referred to as "Surface Owners" of the above described lands (hereinafter referred to as the "Lands") in the County and State named above.

WHEREAS, Rocky Mountain Energy, L.L.C (hereinafter referred to as the "Operator") is the owner of the right to explore for oil and gas beneath the Lease under the terms of the Lease and proposes to drill for the production of oil or gas.

WHEREAS, the Surface Owners and the Operator have reviewed or will review the proposed locations and the operations that will be involved in drilling the Well, and desire to enter into this Surface Use Agreement for the purpose of specifying that the Operator may use the surface estate of the Lands to conduct operations under the terms of the Lease to drill, equip and operate the Wells located on the Lands described above.

NOW, THEREFORE, in consideration of the premises stated herein and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by the parties hereto, it is agreed:

1. A drilling pad is the surface area from which drilling operations for one well is to be conducted. Operator shall pay Surface Owners the sum of Five Thousand (\$5,000.00) Dollars for the surface disturbance of the drilling pad.

2. Operator is granted the right to use Surface Owners water in the drilling, completion or recompletion operations on the Well covered by this agreement. If Operator uses Surface Owners water for such operations, Operator shall pay to Surface Owners the sum of Seven Thousand (\$7,000.00) Dollars for each oil and/or gas well in which Surface Owners water is used and shall be in addition to the payment.
3. Operator may begin operations to drill each well any time that is mutually agreed to by Surface Owners and Operator and in accordance with the following stipulations:
 - a. All gates will remain locked with pad site is not being used.
 - b. No Trespass shall be granted beyond the road to and the pad site associated with drilling and pipelines.
 - c. No one shall camp on premises during or after the drill.
 - d. No hunting, hiking, exploring or similar off the pad site.
4. Operator agrees to reseed disturbed areas not in use.
5. A pipeline right of way will be granted free of charge from each of the well locations, such pipeline will be discussed and agreed to by all parties prior to construction of said pipeline. Operator will re-seed over pipeline once pipeline is in place.
6. Surface Owner agrees with the locations of the Wells, as described above and shown on the attached Exhibit "A".
7. The execution of this Surface Use Agreement shall not affect or otherwise alter the rights and obligations of Surface Owners or Operator under the Lease.
8. Surface Owners agrees with the use of the described surface locations for the drilling, completion and operation of the Wells described herein. Surface Owners agrees that Operator may use any existing roads on Surface Owner's lands for accessing the locations described herein.
9. Surface Owner agrees to keep all terms of this agreement confidential.
10. This Agreement shall be construed as a covenant running with the Lands and shall be binding on any and all personal representatives, successors, and assigns of Surface Owners and Operator.

The parties have executed this Surface Use Agreement this 6 day of September 2011.

Owners

Robert J. Thomas
Robert J Thomas

Operator

Twist Gulch, LLC

by: Troy Shelley
Title: Managing Member (Troy Shelley)

STATE OF UTAH)
)
COUNTY OF CARBON)

On the 6 day of September 2011, personally appeared Robert J Thomas to me known to be persons described in and who executed the foregoing instrument and acknowledged that they executed same as their free and voluntary act deed for the uses and purposes therein set forth.

Witness my hand and official seal the day and year first above written.



Connie S. Seely
Notary Public

STATE OF UTAH)
)
COUNTY OF UTAH)

Before me, a Notary Public, in and for said County and State aforesaid, do hereby certify that Troy Shelley, whose name is subscribed to the foregoing instrument as Member-Manager of Twist Gulch, LLC, a Limited Liability Corporation, appeared before me this day in person and acknowledged that he executed said instrument as his free and voluntary act and deed as the free and voluntary act and deed of said corporation for the uses and purposes therein set forth.

Given under my hand and Notarial Seal this 6 day of September 2011.



Connie S. Seely
Notary Public

PERMISSION TO BUILD ROADWAY TO PAD SITE(S)

Jan 2, 2012

Permission to build a roadway to the pad sites is hereby granted. The roadway shall follow an Easterly direction from the County road at approximately six-hundred-fifty-eight feet South from the North West corner of the property to the centerline of the road. The road shall be approximately twenty two feet wide and shall follow in a generally straight line West to East.

The Operator "CBM Production shall build a metal gate at the entrance of the road on the property line which shall remained locked when not in use.

At all times while hydrocarbons are being produced, the gate shall have a lock which Operator shall have a key to so as to be able to access the site at any time for the necessary duty of effectively producing said well(s).

This road shall be the road to gain access to the well pad(s) and shall be maintained by the Operator at the Operators sole expense.

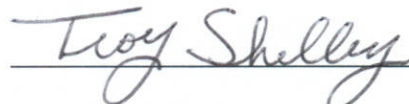
It is anticipated that a road-base or gravel will be used in the construction and maintenance of the road.

Surface Owner

Operator



Robert J Thomas



Troy Shelley CBM Production LLC

MEMORANDUM OF SURFACE AND DAMAGE AGREEMENT

WHEREAS on the 31st day of August, 2011 and hereby amended January 2, 2012, Robert J. Thomas a.k.a. Bob Thomas ("Owner") entered into a Surface and Damage Agreement with CBM Production L.L.C. ("Operator") covering well sites located in the W2 of Section 20, Township 14 South Range 9 East. S.L.B.M. Carbon County, Utah.

Whereas said agreement provides for, among other things, the right to enter upon and use the Owner's property for the purpose of erecting and maintaining well site location(s), together with the right-of-way and easement on Owner's land to maintain the well site. Said agreement sets forth payment of specific amounts to cover damages resulting from the construction, use and maintenance of the well sites and access road. Said agreement, with all of its terms, conditions, covenants and other provisions is referred to and incorporated into this Memorandum for all purposes.

An exception to the Surface Owner Agreement shall be made by amending the wording Operator from Twist Gulch LLC to CBM LLC while still leaving the address the same. Additionally, in paragraph four (4) of the same agreement on page one, the agreement is amended from previous language stating Rocky Mountain Energy LLC as the Operator to CBM Production LLC as the Operator. (herein referred to as the "Operator").

Owner:


Robert J. Thomas

Operator:

CBM Production


Troy Shelley

ACKNOWLEDGMENT

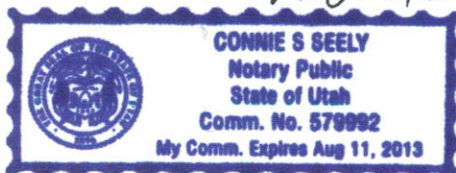
State of UTAH

County of CARBON

On this 2 day of January 2012 before me personally appeared. Robert J. Thomas known to me to be the person described in and who executed the foregoing instrument and acknowledge that they executed the same.

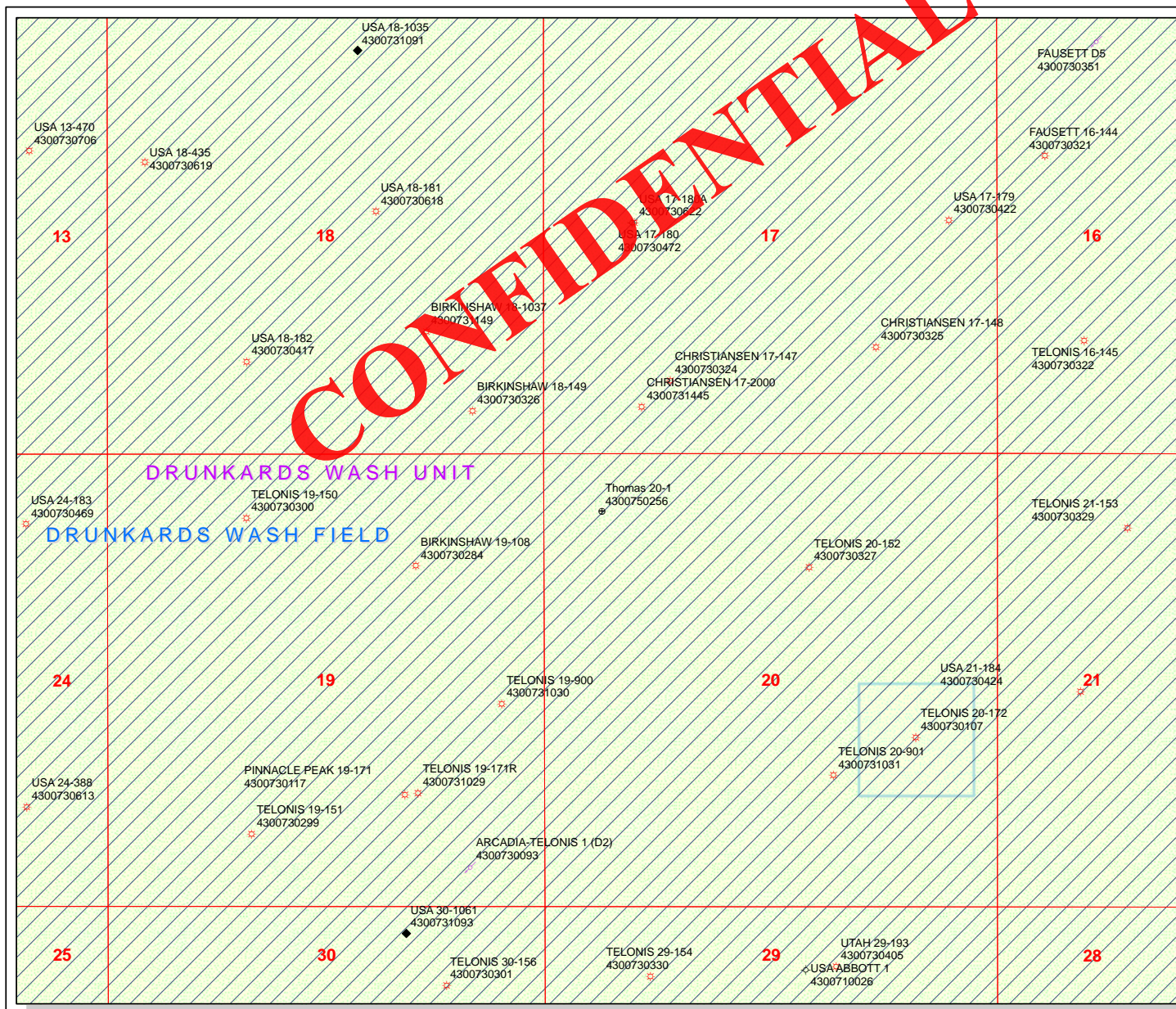
My Commission expires

Aug 11, 2013



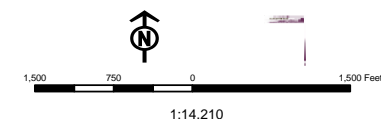
Notary Public


Connie S Seely



API Number: 4300750256
Well Name: Thomas 20-1
Township T1.4 . Range R0.9 . Section 20
Meridian: SLBM
Operator: CBM PRODUCTION LLC
 Map Prepared:
 Map Produced by Diana Mason

Units	Wells Query
STATUS	Status
ACTIVE	APD - Approved Permit
EXPLORATORY	DRL - Spudded (Drilling Commenced)
GAS STORAGE	GW - Gas Injection
NF PP OIL	GS - Gas Storage
NF SECONDARY	LA - Location Abandoned
PI OIL	LOC - New Location
PP GAS	OPS - Operation Suspended
PP GEOTHERM	PA - Plugged Abandoned
PP OIL	PGW - Producing Gas Well
SECONDARY	POW - Producing Oil Well
TERMINATED	RET - Returned APD
Fields	Fields
Unknown	SGW - Shut-in Gas Well
ABANDONED	SOW - Shut-in Oil Well
ACTIVE	TA - Temp. Abandoned
COMBINED	TW - Test Well
INACTIVE	WDW - Water Disposal
STORAGE	WW - Water Injection Well
TERMINATED	WSW - Water Supply Well



From: "Coulthard, Michael L" <mcoultha@blm.gov>
To: "dianawhitney@utah.gov" <dianawhitney@utah.gov>
CC: "Hammond, Becky J" <bhammond@blm.gov>, "Bankert, Roger L" <rbankert@blm....>
Date: 1/26/2012 9:50 AM
Subject: APD for Tract 68 Drunkards Wash Unit Agreement

Hi Diana,

We show that the well is being proposed for Tract 68 of the Drunkards Wash Unit Agreement which was unleased at the time we last received current exhibits for the Unit Agreement.

Until Conoco Phillips submits subsequent joinders for the tract it is considered uncommitted to the unit agreement.

If you need additional information please advise.

Thank you,

Mickey

Michael L. Coulthard
Petroleum Engineer
Bureau of Land Management
Phone (801) 539-4042
Fax (801) 539-4261

-----Original Message-----

From: dianawhitney@utah.gov [mailto:dianawhitney@utah.gov]
Sent: Tuesday, January 24, 2012 1:37 PM
To: Coulthard, Michael L
Cc: dianawhitney@utah.gov
Subject: New APD for CBM PRODUCTION LLC UNIT: DRUNKARDS WASH

This message was sent by an automatic mailer:

=====

(Proposed PZ FERRON COAL)

43-007-50256 Thomas 20-1

Surface: Sec. 20 T. 14S R. 9E 658 FNL 659 FWL

Bottom: Sec. 20 T. 14S R. 9E 658 FNL 659 FWL

Link (PDF): <http://oilgas.ogm.utah.gov/apd/attachments/5165/complete.pdf>

Thank you,
Diana

RECEIVED: January 26, 2012

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT ☐
(highlight changes)

APPLICATION FOR PERMIT TO DRILL		5. MINERAL LEASE NO: Patented	6. SURFACE: Fee
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>		7. IF INDIAN, ALLOTTEE OR TRIBE NAME: NA	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>		8. UNIT or CA AGREEMENT NAME: Wildcat	
2. NAME OF OPERATOR: CBM Production, LLC		9. WELL NAME and NUMBER: Thomas 20-1	
3. ADDRESS OF OPERATOR: 720 East 3 North CITY Ephraim STATE UT ZIP 84627		PHONE NUMBER: (435) 691-6000	10. FIELD AND POOL, OR WILDCAT: Wildcat
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 658.00' FNL 659.33' FWL AT PROPOSED PRODUCING ZONE: 658.00' FNL 659.33' FWL		11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNW 20 14S 09E S	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 12 Miles West of Price, Utah		12. COUNTY: Carbon	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 658.00' FNL 659.33' FWL	16. NUMBER OF ACRES IN LEASE: 317.58	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 1550.42	19. PROPOSED DEPTH: 3,180	20. BOND DESCRIPTION: LOC	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 6387.39 GR	22. APPROXIMATE DATE WORK WILL START: 1/10/2012	23. ESTIMATED DURATION: 2/10/2012	

24. PROPOSED CASING AND CEMENTING PROGRAM							
SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT			SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT		
14 3/4"	12 3/4"	H-40	40.5	50	Class G or Type V	210 +/-Sacks	1.18 ft3/sx 15.6 ppg
11"	8 5/8"	J-55	24.0	400	CBM light wt - lead	230+/-Sacks	4.14 ft3/sx 10.5 ppg
7-7/8"	5 1/2"	N-80	17.0	3,180	Class G - Tail	210 +/-Sacks	1.62 ft3/sx 14.2 ppg

25. ATTACHMENTS	
VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:	
<input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER	<input checked="" type="checkbox"/> COMPLETE DRILLING PLAN
<input checked="" type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER	<input type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

NAME (PLEASE PRINT) _____ TITLE _____

SIGNATURE _____ DATE _____

(This space for State use only)

API NUMBER ASSIGNED: _____

APPROVAL: _____

INSTRUCTIONS

This form shall be submitted in duplicate by the operator prior to the commencement of:

- drilling a new well,
- re-entering a plugged well,
- significantly deepening an existing well bore below the current bottom-hole depth,
- drilling horizontal laterals from an existing well bore,
- drilling hydrocarbon exploratory holes such as core samples and stratigraphic tests,
- any surface disturbance associated with any of the above.

This applies to all wells drilled within Utah, regardless of lease designation. Filings must also be made to applicable federal agencies for permits on Indian or federal leases.

The following information shall be included as part of the complete application:

- The telephone number of the person to contact if additional information is needed;
- Mineral lease number (item 5);
- Identification of the type of surface ownership – Federal, Indian, State or Fee (item 6);
- A plat or map, preferably on a scale of one inch equals 1,000 feet, prepared by a licensed surveyor or engineer, which shows the proposed well location. For directional wells, both surface and bottomhole locations should be marked;
- A copy of the Division of Water Rights approval or the identifying number of the approval for use of water at the drilling site;
- A drilling program containing the following information:
 - The estimated tops of important geologic markers;
 - The estimated depths at which the top and the bottom of anticipated water, oil, gas, or other mineral-bearing formations are expected to be encountered, and the owner's or operator's plans for protecting such resources;
 - The owner's or operator's minimum specifications for pressure control equipment to be used and a schematic diagram thereof showing sizes, pressure ratings or API series, proposed testing procedures and testing frequency;
 - Any supplementary information more completely describing the drilling equipment and casing program as shown on this form;
 - The type and characteristics of the proposed circulating medium or mediums to be employed in drilling, the quantities and types of mud and weighting material to be maintained, and the monitoring equipment to be used on the mud system;
 - The anticipated type and amount of testing, logging, and coring;
 - The expected bottomhole pressure and any anticipated abnormal pressures or temperatures or potential hazards, such as hydrogen sulfide, expected to be encountered, along with contingency plans for mitigating such identified hazards;
 - Any other facets of the proposed operation which the lessee or operator desires to point out for the division's consideration of the application.
- A Form 5, Designation of Agent or Operator, if the operator is a person or company other than the lease owner.

Approval of the APD shall be valid for a period of 12 months from the date of such approval. Upon approval of an APD, a well will be assigned an API number by the division. **The API number should be used to identify the permitted well in all future correspondence and reporting to the division.**

If a change of location or drilling program is desired, an amended APD shall be filed and its approval obtained.

After a well has been completed or plugged and abandoned, it shall not be reentered without the operator first submitting a new APD and obtaining the division's approval.

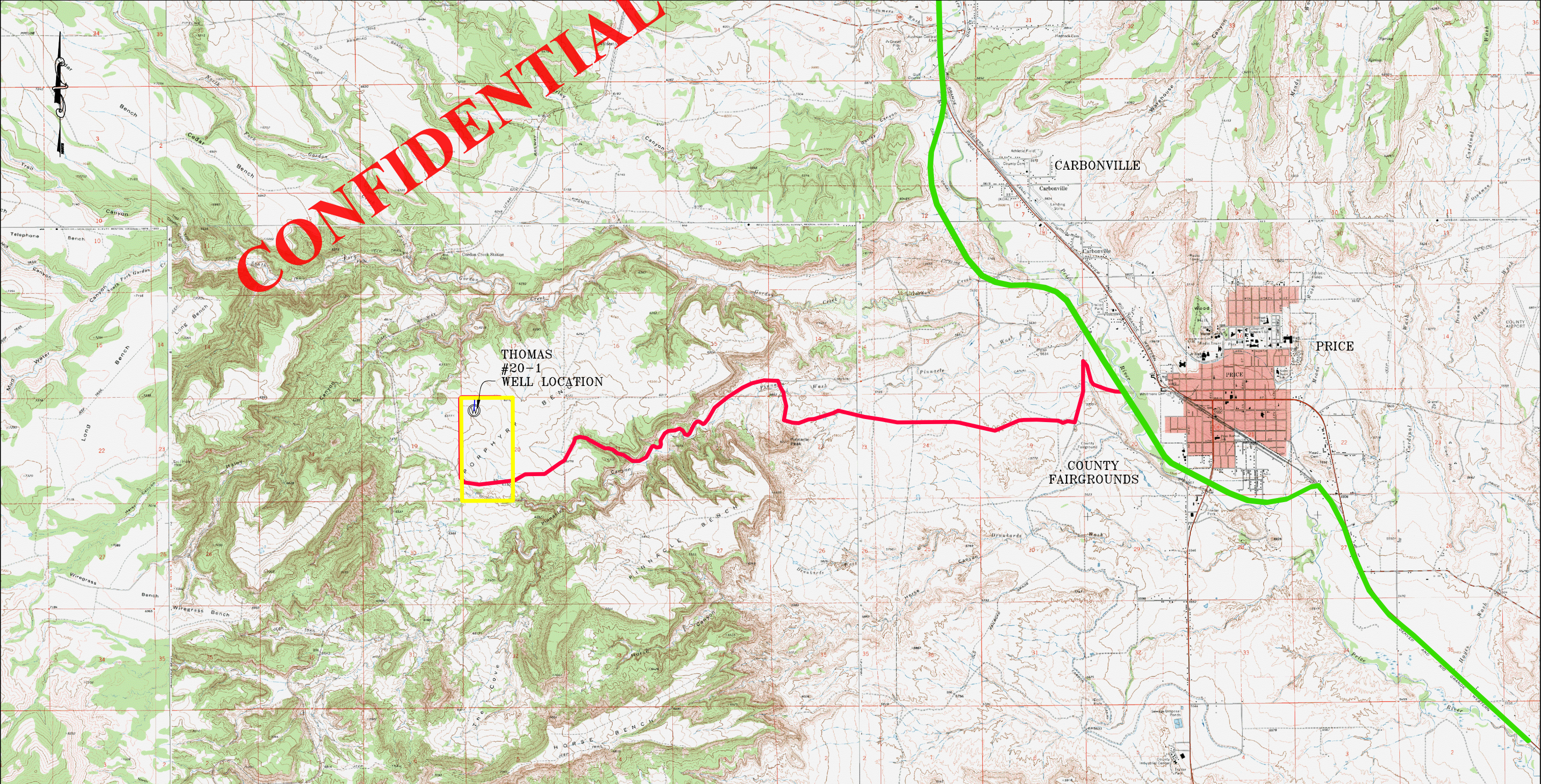
Information on a newly permitted well will be held confidential only upon receipt by the division of a written request from the owner or operator. The period of confidentiality may begin at the time the APD is submitted for approval if a request for confidentiality is received at that time, although the information on the application itself will not be considered confidential. All correspondence and reports pertaining to the permitted well should be clearly stamped 'confidential' or 'tight hole'.

Send to:

Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

Phone: 801-538-5340

Fax: 801-359-3940



LEGEND

- ACCESS ROAD
- APPROACH ROAD
- US HIGHWAY 6
- LEASE LINE

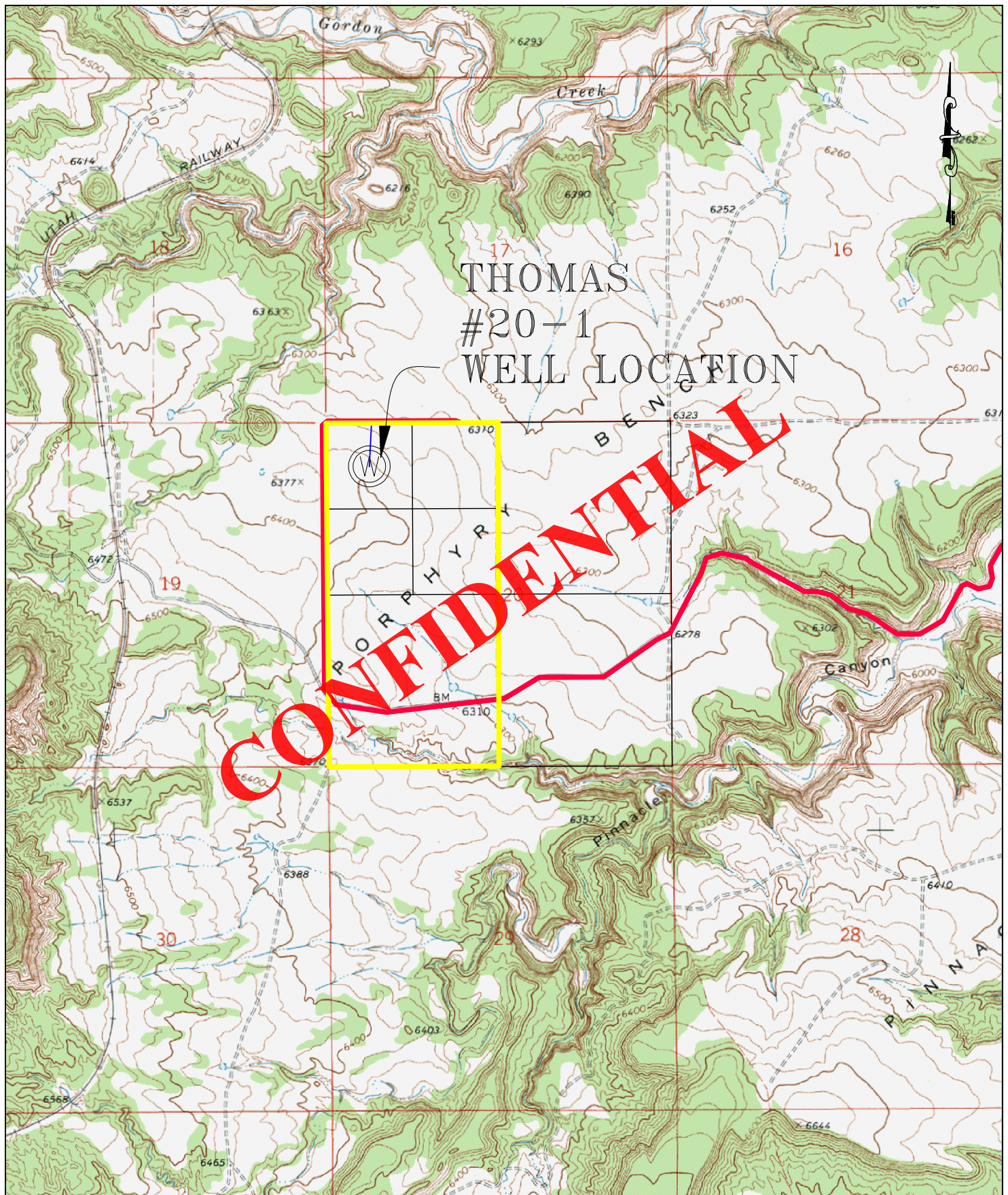
Savage Surveying, Inc.

1825 South Industrial park Rd.
Richfield, UT 84701
Office: 435-880-8335
Fax: 435-880-0220



THOMAS #20-1
CBM PRODUCTION LLC.

ENGINEER —	SCALE 1"= 5000'	SHEET NO. LOCATE
CHECKED R.W.S.	PROJ# 1112-006S DWG.#: WELL #20-1	
DRAWN D.G.	DATE 01/04/12	



LEGEND

- ACCESS ROAD
- APPROACH ROAD
- US HIGHWAY 6
- LEASE LINE

Savage Surveying, Inc.

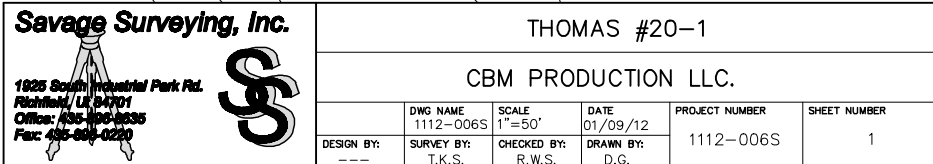
1025 South Industrial Park Rd.
Richfield, UT 84701
Office: 435-895-8835
Fax: 435-895-0220



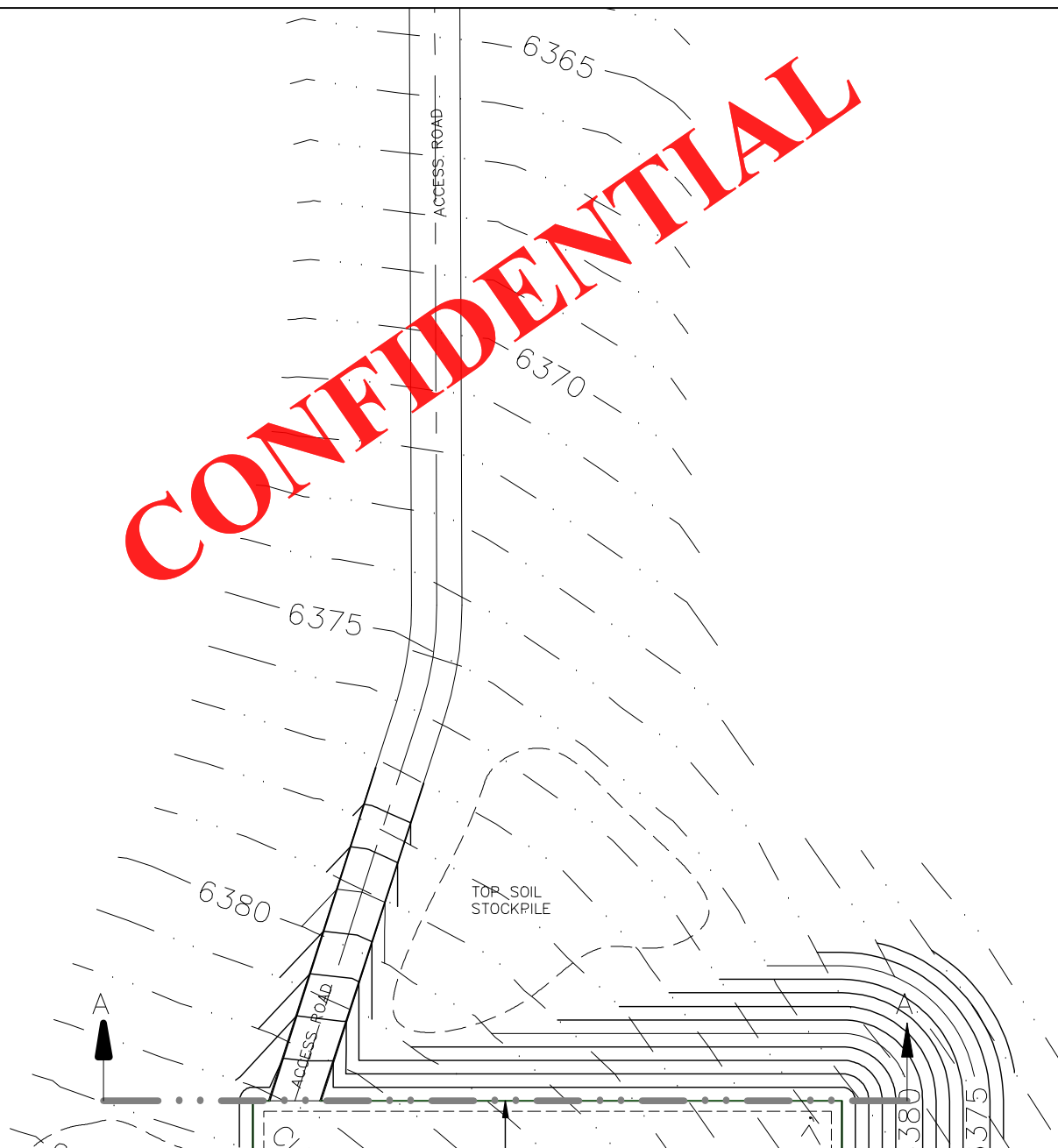
LEASE LINE EXHIBIT FOR

THOMAS 20-1

DWG NAME	SCALE	DATE	PROJECT NUMBER	SHEET NUMBER
LEASE	1" = 2000'	JAN 2012	1112-006S	1
DESIGN BY:	SURVEY BY:	CHECKED BY:	DRAWN BY:	
---	R.L.	R.W.S.	R.W.S.	



CONFIDENTIAL



Savage Surveying, Inc.

1825 South Industrial Park Rd.
Richfield, UT 84701
Office: 435-886-6635
Fax: 435-886-6220

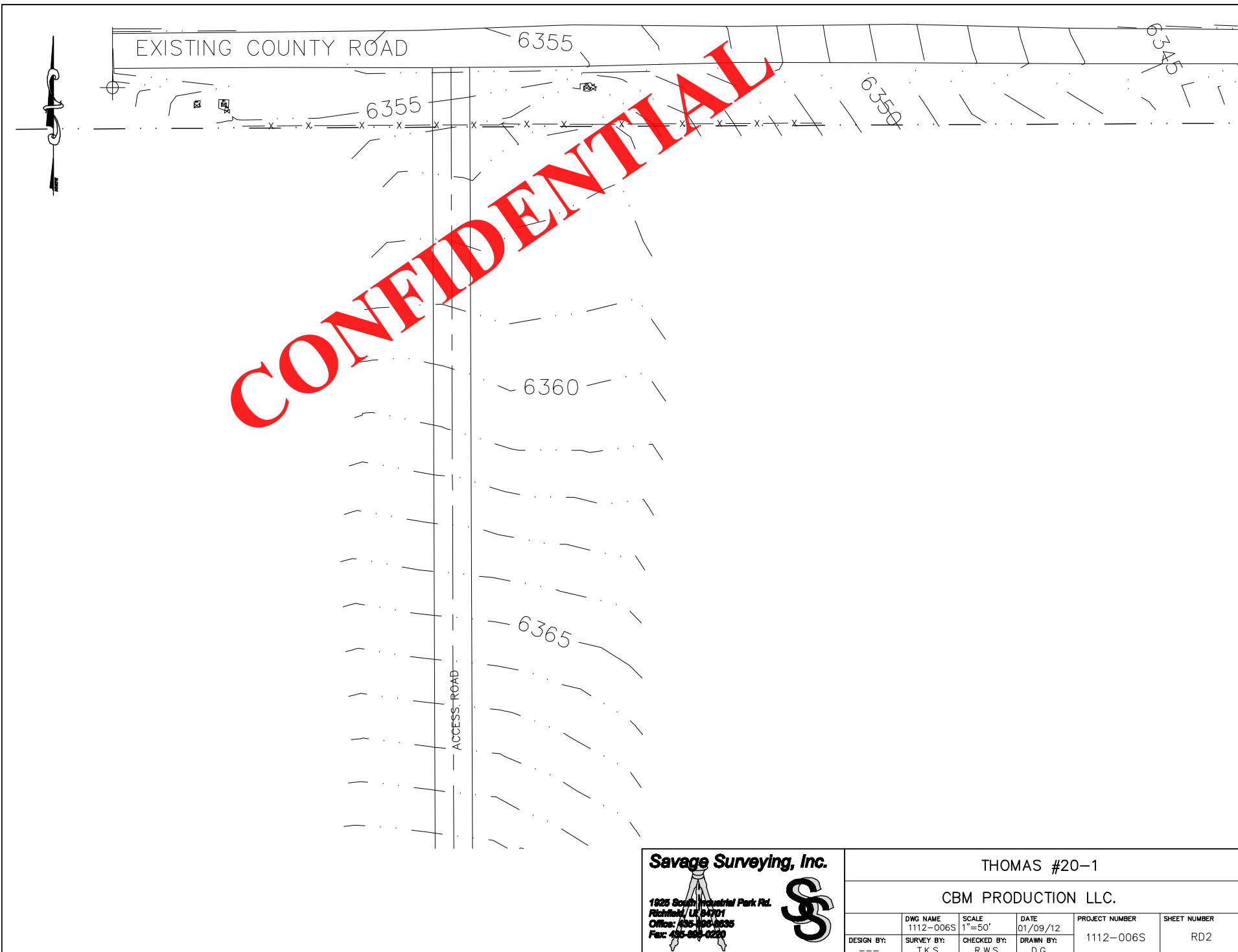


THOMAS #20-1

CBM PRODUCTION LLC.

DWG NAME	SCALE	DATE	PROJECT NUMBER	SHEET NUMBER
1112-006S	1"=50'	01/09/12	1112-006S	RD 1
DESIGN BY:	SURVEY BY:	CHECKED BY:	DRAWN BY:	
---	T.K.S.	R.W.S.	D.G.	

RECEIVED: March 16, 2012



Savage Surveying, Inc.

1825 South Industrial Park Rd.
Richfield, UT 84701
Office: 435-886-6635
Fax: 435-886-6220

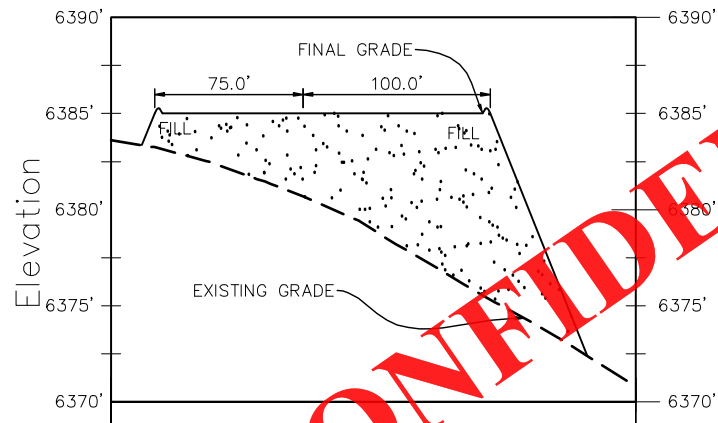


THOMAS #20-1

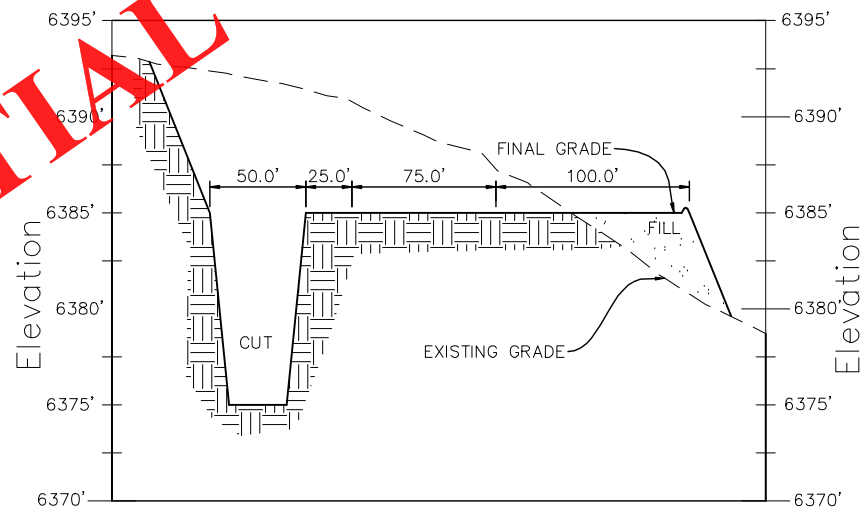
CBM PRODUCTION LLC.

DESIGN BY:	SURVEY BY:	CHECKED BY:	DRAWN BY:	PROJECT NUMBER	SHEET NUMBER
---	T.K.S	R.W.S.	D.G.	1112-006S	RD2

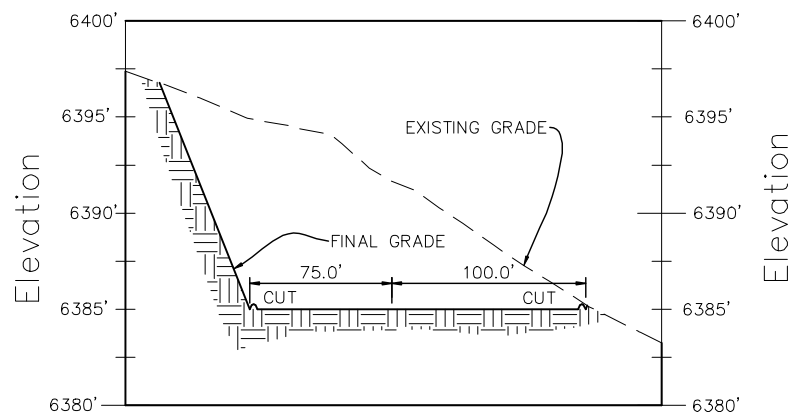
RECEIVED: March 16, 2012



VIEW A-A



VIEW B-B



VIEW C-C

NOTES:

1. SLOPE = 4:1 (EXCEPT PIT)
2. PIT SLOPE = 1:1

APPROXIMATE YARDAGE

(6") TOPSOIL STRIPPING = 810 CU. YDS. REMAINING
 LOCATION = 2,107 CU. YDS.
 TOTAL CUT = 2,917 CU. YDS.
 TOTAL FILL = 1,557 CU. YDS.
 *FILL IS UNADJUSTED

TOTAL PIT CAPACITY WITH 2' FREEBOARD = 2,000 bbls
 TOTAL PIT VOLUME = 593 CU. YDS.

Savage Surveying, Inc.

1825 South Industrial Park Rd.
 Richmond, VA 23261
 Office: 435-400-6635
 Fax: 435-684-0220

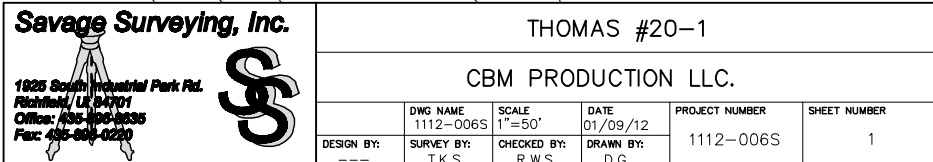


THOMAS #20-1

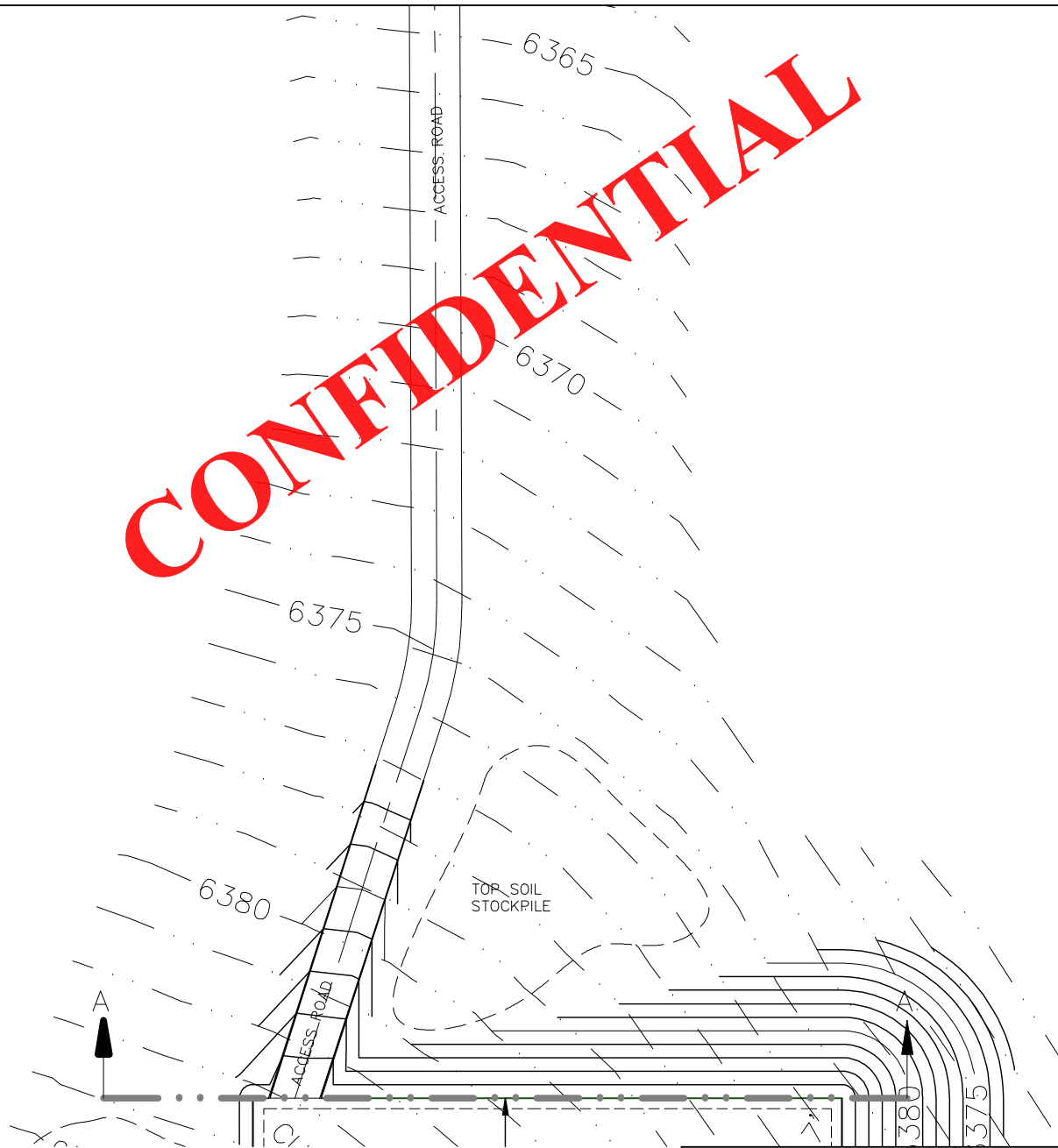
CBM PRODUCTION LLC.

DESIGN BY:	SURVEY BY:	CHECKED BY:	DRAWN BY:	PROJECT NUMBER	SHEET NUMBER
---	T.K.S.	R.W.S.	D.G.	1112-006S	CS1

RECEIVED: March 16, 2012



CONFIDENTIAL



Savage Surveying, Inc.

1825 South Industrial Park Rd.
Richfield, UT 84701
Office: 435-886-6635
Fax: 435-886-6220



THOMAS #20-1

CBM PRODUCTION LLC.

DWG NAME	SCALE	DATE	PROJECT NUMBER	SHEET NUMBER
1112-006S	1"=50'	01/09/12	1112-006S	RD 1
DESIGN BY:	SURVEY BY:	CHECKED BY:	DRAWN BY:	
---	T.K.S.	R.W.S.	D.G.	

RECEIVED: March 21, 2012

EXISTING COUNTY ROAD

6355

6355

6350

6345

CONFIDENTIAL

6360

6365

ACCESS ROAD

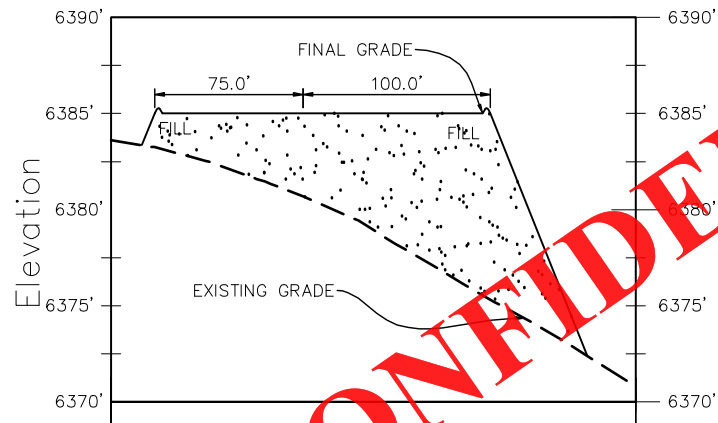
Savage Surveying, Inc.1825 South Industrial Park Rd.
Richfield, UT 84701
Office: 435-886-6635
Fax: 435-886-6220

THOMAS #20-1

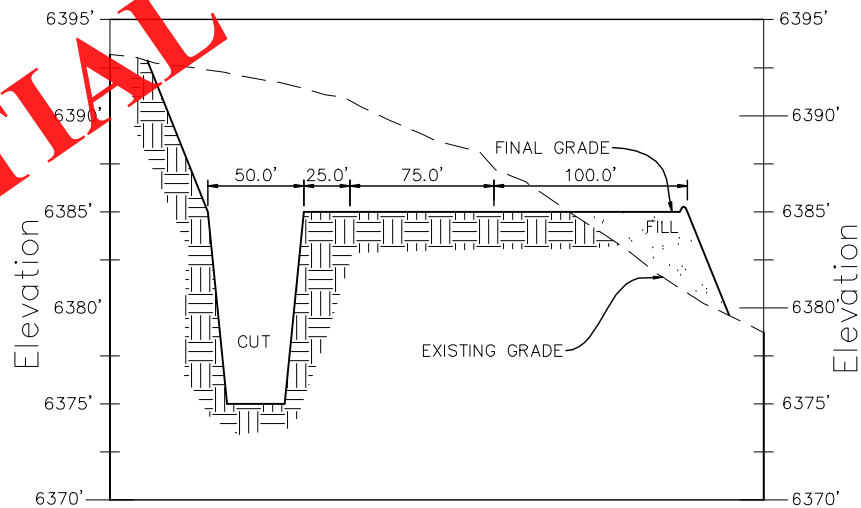
CBM PRODUCTION LLC.

DESIGN BY:	SURVEY BY:	CHECKED BY:	DRAWN BY:	PROJECT NUMBER	SHEET NUMBER
---	T.K.S.	R.W.S.	D.G.	1112-006S	RD2

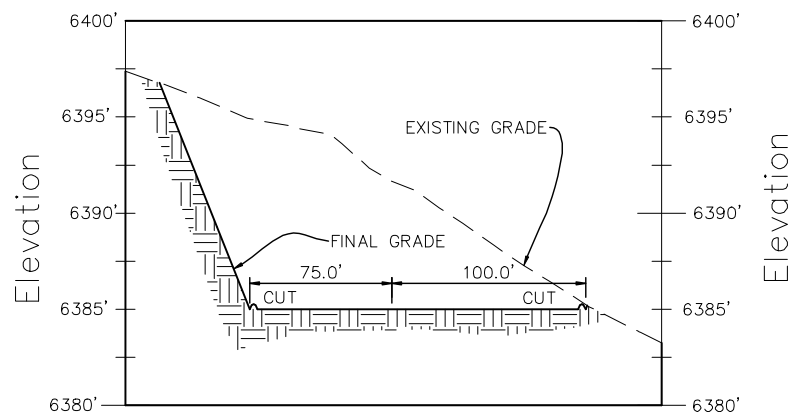
RECEIVED: March 21, 2012



VIEW A-A



VIEW B-B



VIEW C-C

NOTES:

1. SLOPE = 4:1 (EXCEPT PIT)
2. PIT SLOPE = 1:1

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(6") TOPSOIL STRIPPING = 810 CU. YDS. REMAINING
 LOCATION = 2,107 CU. YDS.
 TOTAL CUT = 2,917 CU. YDS.
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TOTAL PIT CAPACITY WITH 2' FREEBOARD = 2,000 bbls
 TOTAL PIT VOLUME = 593 CU. YDS.

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1825 South Industrial Park Rd.
 Richmond, VA 23261
 Office: 435-400-6635
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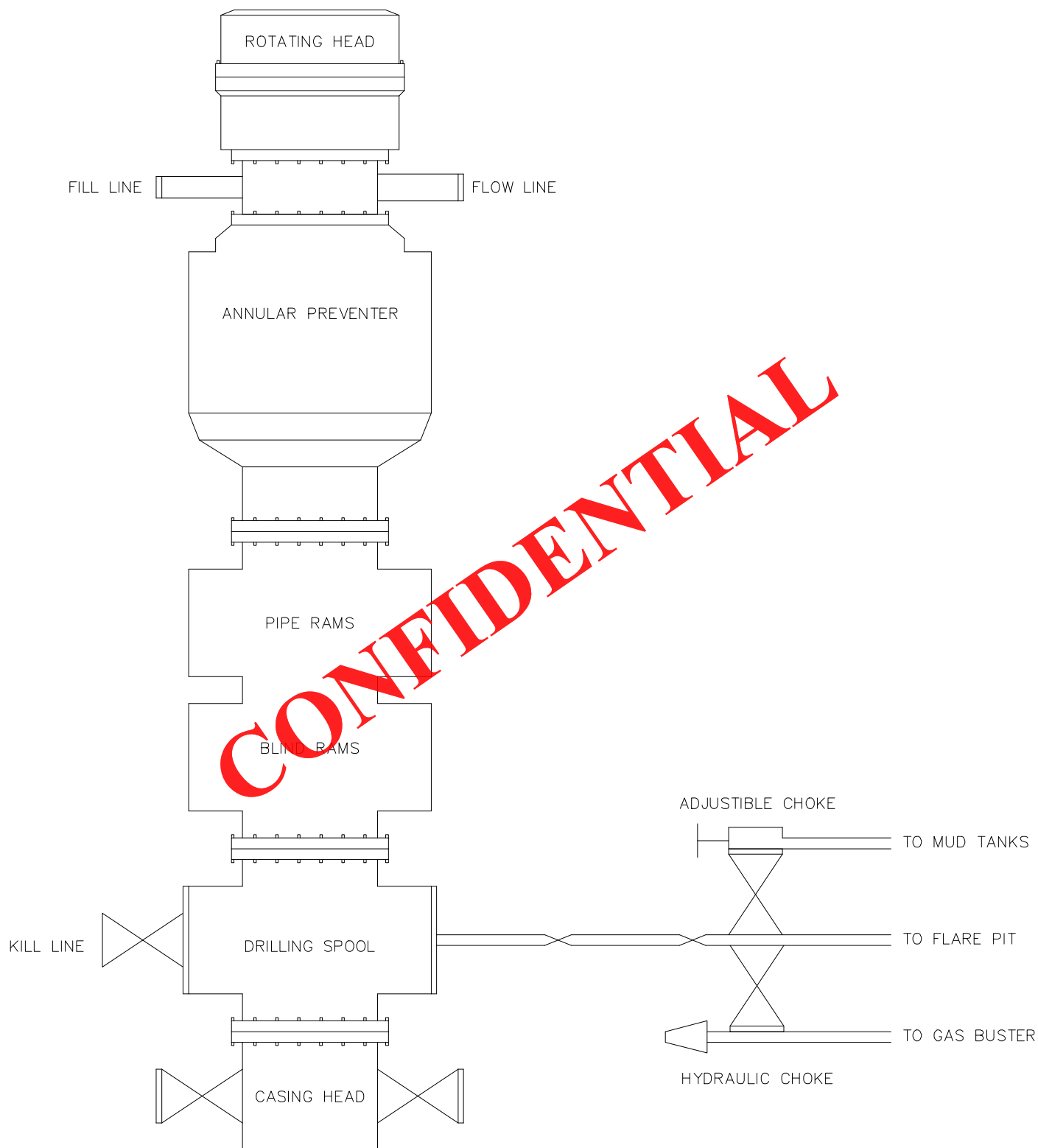


THOMAS #20-1

CBM PRODUCTION LLC.

DESIGN BY:	SURVEY BY:	CHECKED BY:	DRAWN BY:	PROJECT NUMBER	SHEET NUMBER
---	T.K.S.	R.W.S.	D.G.	1112-006S	CS1

RECEIVED: March 21, 2012



Savage Surveying, Inc.

1835 South Industrial Park Rd.
Ridgely, LA 70701
Office: 408-896-6885
Fax: 408-896-6220



CBM PRODUCTIONS, LLC

THOMAS 20-1

DESIGN BY:	DWG NAME	SCALE	DATE	PROJECT NUMBER	SHEET NUMBER
---	BOPE	NONE	6/1/12	1112-006S	BOPE
---	SURVEY BY:	CHECKED BY:	DRAWN BY:		
		R.W.S.	R.W.S.		

Well Name	CBM PRODUCTION LLC Thomas 20-1 43007502560000			
String	COND	I1	PROD	
Casing Size(in)	12.750	8.625	5.500	
Setting Depth (TVD)	50	450	3180	
Previous Shoe Setting Depth (TVD)	0	50	450	
Max Mud Weight (ppg)	8.3	5.4	10.0	
BOPE Proposed (psi)	0	500	2000	
Casing Internal Yield (psi)	1000	2950	6290	
Operators Max Anticipated Pressure (psi)	1256		7.6	

Calculations	COND String	12.750	"
Max BHP (psi)	.052*Setting Depth*MW=	22	
			BOPE Adequate For Drilling And Setting Casing at Depth?
MASP (Gas) (psi)	Max BHP-(0.12*Setting Depth)=	16	NO
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=	11	NO
			*Can Full Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=	11	NO
Required Casing/BOPE Test Pressure=		50	psi
*Max Pressure Allowed @ Previous Casing Shoe=		0	psi *Assumes 1psi/ft frac gradient

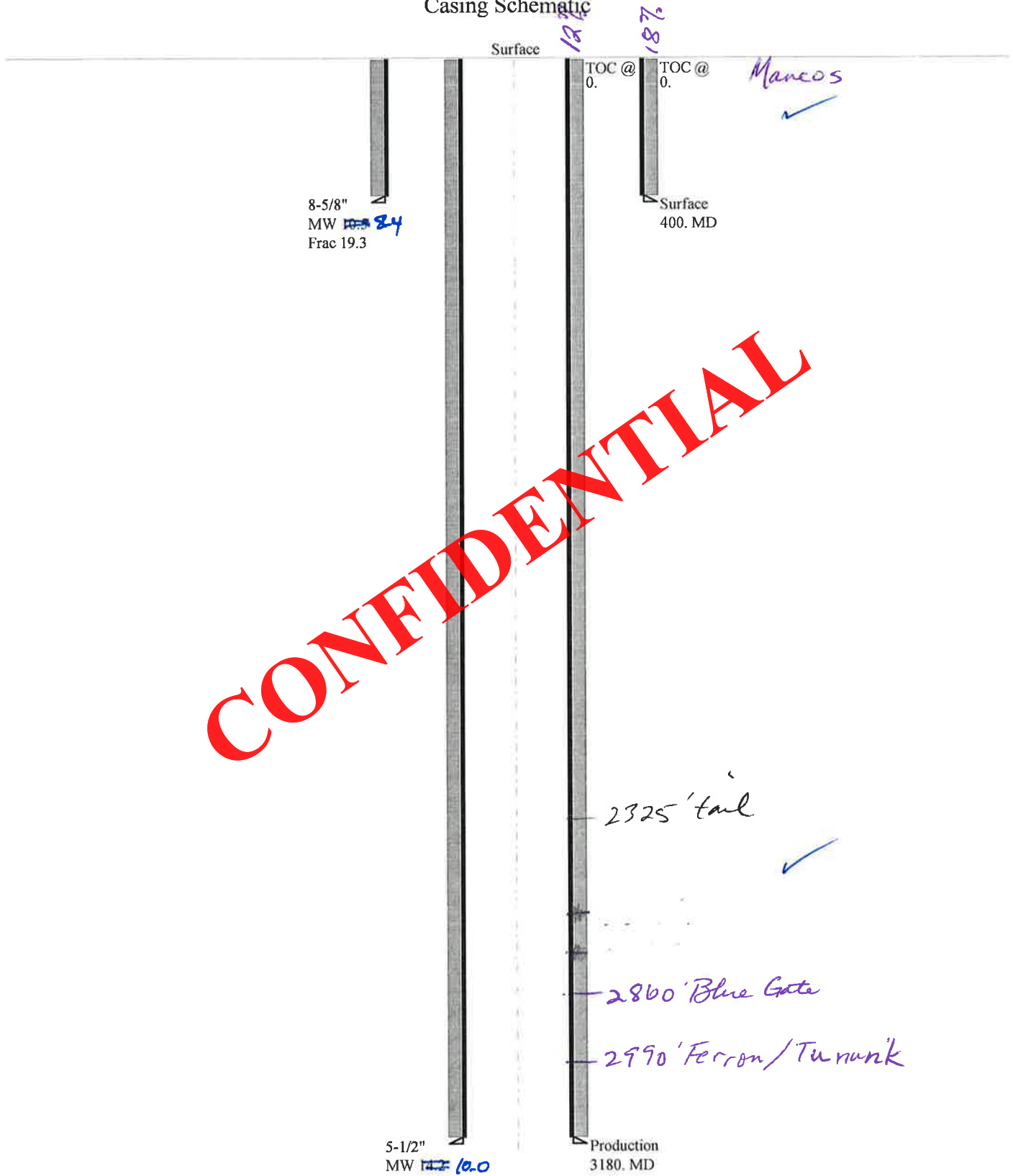
Calculations	I1 String	8.625	"
Max BHP (psi)	.052*Setting Depth*MW=	125	
			BOPE Adequate For Drilling And Setting Casing at Depth?
MASP (Gas) (psi)	Max BHP-(0.12*Setting Depth)=	72	YES air drill
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=	27	YES OK
			*Can Full Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=	38	YES OK
Required Casing/BOPE Test Pressure=		450	psi
*Max Pressure Allowed @ Previous Casing Shoe=		50	psi *Assumes 1psi/ft frac gradient

Calculations	PROD String	5.500	"
Max BHP (psi)	.052*Setting Depth*MW=	1654	
			BOPE Adequate For Drilling And Setting Casing at Depth?
MASP (Gas) (psi)	Max BHP-(0.12*Setting Depth)=	1272	YES air drill, may mud up
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=	954	YES OK
			*Can Full Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=	1053	NO OK
Required Casing/BOPE Test Pressure=		2000	psi
*Max Pressure Allowed @ Previous Casing Shoe=		450	psi *Assumes 1psi/ft frac gradient

Calculations	String		"
Max BHP (psi)	.052*Setting Depth*MW=		
			BOPE Adequate For Drilling And Setting Casing at Depth?
MASP (Gas) (psi)	Max BHP-(0.12*Setting Depth)=		NO
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=		NO
			*Can Full Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=		NO
Required Casing/BOPE Test Pressure=			psi
*Max Pressure Allowed @ Previous Casing Shoe=			psi *Assumes 1psi/ft frac gradient

43007502560000 Thomas 20-1

Casing Schematic



Well name:	43007502560000 Thomas 20-1	
Operator:	CBM PRODUCTION LLC	
String type:	Surface	Project ID: 43-007-50256
Location:	CARBON COUNTY	

Design parameters:**Collapse**

Mud weight: 10.500 ppg
Design is based on evacuated pipe.

Minimum design factors:**Collapse:**

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
Surface temperature: 74 °F
Bottom hole temperature: 80 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 100 ft

Cement top: Surface

Burst

Max anticipated surface pressure: 352 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 400 psi

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)
8 Round LTC: 1.70 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Tension is based on air weight.
Neutral point: 337 ft

Non directional string.**Re subsequent strings:**

Next setting depth: 3,180 ft
Next mud weight: 14.200 ppg
Next setting BHP: 2,346 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 400 ft
Injection pressure: 400 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Est. Cost (\$)
1	400	8.625	24.00	J-55	ST&C	400	400	7.972	2059
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (kips)	Tension Strength (kips)	Tension Design Factor
1	218	1370	6.279	400	2950	7.37	9.6	244	25.42 J

Prepared by: Helen Sadik-Macdonald
Div of Oil, Gas & Mining

Phone: 801-538-5357
FAX: 801-359-3940

Date: March 15, 2012
Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 400 ft, a mud weight of 10.5 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Well name:	43007502560000 Thomas 20-1		
Operator:	CBM PRODUCTION LLC		
String type:	Production	Project ID:	43-007-50256
Location:	CARBON	COUNTY	

Design parameters:**Collapse**

Mud weight: 14.200 ppg
Design is based on evacuated pipe.

Minimum design factors:**Collapse:**

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
Surface temperature: 74 °F
Bottom hole temperature: 119 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 100 ft

Cement top: Surface

Burst

Max anticipated surface pressure: 1,646 psi
Internal gradient: 0.220 psi/ft
Calculated BHP 2,346 psi

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.60 (B)

Non-directional string.

Tension is based on air weight.
Neutral point: 2,495 ft

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Est. Cost (\$)
1	3180	5.5	17.00	N-80	LT&C	3180	3180	4.767	17924
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (kips)	Tension Strength (kips)	Tension Design Factor
1	2346	6290	2.681	2346	7740	3.30	54.1	348	6.44 J

Prepared by: Helen Sadik-Macdonald
Div of Oil, Gas & Mining

Phone: 801-538-5357
FAX: 801-359-3940

Date: March 15, 2012
Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 3180 ft, a mud weight of 14.2 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

ON-SITE PREDRILL EVALUATION

Utah Division of Oil, Gas and Mining

Operator CBM PRODUCTION LLC
Well Name Thomas 20-1
API Number 43007502560000 **APD No** 5165 **Field/Unit** DRUNKARDS WASH
Location: 1/4,1/4 NWNW **Sec** 20 **Tw** 14.0S **Rng** 9.0E 658 FNL 659 FWL
GPS Coord (UTM) **Surface Owner** Robert Thomas

Participants

M. Jones (UGOGM), Carey Sorenson (CBM), Robert Thomas (surface), Ryan Savage (Savage Surveying).

Regional/Local Setting & Topography

The location is staked on Porphyry Bench, Carbon County, Utah. The site is west of Price, Utah, approximately 12 miles. The site is located on previously unleased acreage surrounded by ConocoPhillips leases. The site is rolling sagebrush hills and flats on the bench.

Surface Use Plan

Current Surface Use

Grazing
 Agricultural
 Wildlife Habitat
 Residential

New Road Miles

0.12

Well Pad

Width 175' **Length** 235'

Src Const Material

Onsite

Surface Formation

Ancillary Facilities N

Waste Management Plan Adequate?

Environmental Parameters

Affected Floodplains and/or Wetlands N

Flora / Fauna

sagebrush, grasses.

Soil Type and Characteristics

sandy clay.

Erosion Issues N

Sedimentation Issues N

Site Stability Issues N

Drainage Diversion Required? Y

Divert drainages around and away from location and access road.

Berm Required? Y

Berm location to remain consistant with Drunkards Wash Field locations and to prevent spills from leaving the wellpad.

Erosion Sedimentation Control Required? N

Paleo Survey Run? N Paleo Potential Observed? N Cultural Survey Run? N Cultural Resources? N

Reserve Pit**Site-Specific Factors****Site Ranking**

Distance to Groundwater (feet)	100 to 200	5
Distance to Surface Water (feet)	>1000	0
Dist. Nearest Municipal Well (ft)	>5280	0
Distance to Other Wells (feet)	>1320	0
Native Soil Type	Mod permeability	10
Fluid Type	TDS>5000 and	10
Drill Cuttings	Normal Rock	0
Annual Precipitation (inches)	10 to 20	5
Affected Populations		
Presence Nearby Utility Conduits	Not Present	0
Final Score	30	1 Sensitivity Level

Characteristics / Requirements

Dugout earthen exterior to pad (50x50x10).

Closed Loop Mud Required? N Liner Required? Y Liner Thickness 16 Pit Underlayment Required? N

Other Observations / Comments

Mark Jones
Evaluator

2/28/2012
Date / Time

Application for Permit to Drill Statement of Basis Utah Division of Oil, Gas and Mining

APD No	API WellNo	Status	Well Type	Surf Owner	CBM
5165	43007502560000	LOCKED	GW	P	Yes
Operator	CBM PRODUCTION LLC		Surface Owner-APD	Robert Thomas	
Well Name	Thomas 20-1		Unit		
Field	DRUNKARDS WASH		Type of Work	DRILL	
Location	NWNW 20 14S 9E S 658 FNL (UTM) 504718E 4383229N		659 FWL GPS Coord		

Geologic Statement of Basis

A poor to moderately permeable silty soil has been formed by the erosion of the Upper Blue Gate Member of the Mancos Shale. The Garley Canyon Sandstone Beds of the Emery Sandstone Member of the Mancos Shale are likely to be present at the near surface or subsurface, these units are likely to be water saturated and should be included within the interval to be protected by the surface string. Standing water has been found in the Garley Canyon Sandstone Beds in Pinnacle Canyon approximately 1.3 miles to the southeast. The operator should be informed of the possibility of water saturated units in the subsurface and respond accordingly to protect water bearing zones as necessary.

Ammon McDonald
APD Evaluator

4/5/2012
Date / Time

Surface Statement of Basis

The location is staked on Porphyry Bench, Carbon County, Utah. The site is west of Price, Utah, approximately 12 miles. The site is located on previously unleased acreage surrounded by ConocoPhillips leases. The site is rolling sagebrush hills and flats on the bench. Drainage around location and access road should be provided by the use of diversion ditches. The location should be bermed to prevent spills from leaving the location and to be consistent with surrounding wells within the Drunkards Wash Federal Unit. The reserve pit should be lined with a 16 mil (minimum) liner and shall be maintained until pit is reclaimed. The pit should be fenced off to protect wildlife and livestock.

Mark Jones
Onsite Evaluator

2/28/2012
Date / Time

Conditions of Approval / Application for Permit to Drill

Category	Condition
Pits	A synthetic liner with a minimum thickness of 16 mils shall be properly installed and maintained in the reserve pit.
Surface	The well site shall be bermed to prevent fluids from leaving the pad.
Surface	Drainages adjacent to the proposed pad shall be diverted around the location.
Surface	The reserve pit shall be fenced upon completion of drilling operations.

WORKSHEET APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 1/24/2012

API NO. ASSIGNED: 43007502560000

WELL NAME: Thomas 20-1

OPERATOR: CBM PRODUCTION LLC (N3820)

PHONE NUMBER: 4356916000

CONTACT: Troy Shelley

PROPOSED LOCATION: NWNW 20 140S 090E

Permit Tech Review: ☒

SURFACE: 0658 FNL 0659 FWL

Engineering Review: ☒

BOTTOM: 0658 FNL 0659 FWL

Geology Review: ☒

COUNTY: CARBON

LATITUDE: 39.59878

LONGITUDE: -110.94505

UTM SURF EASTINGS: 504718.00

NORTHINGS: 4383229.00

FIELD NAME: DRUNKARDS WASH

LEASE TYPE: 4 - Fee

LEASE NUMBER: FEE

PROPOSED PRODUCING FORMATION(S): FERRON COAL

SURFACE OWNER: 4 - Fee

COALBED METHANE: YES

RECEIVED AND/OR REVIEWED:

☒ PLAT☒ Bond: STATE - ZSB802809☐ Potash☐ Oil Shale 190-5☐ Oil Shale 190-3☐ Oil Shale 190-13☒ Water Permit: Price River Water Conservancy☐ RDCC Review:☒ Fee Surface Agreement☐ Intent to Commingle

Commingle Approved

LOCATION AND SITING:

☐ R649-2-3.

Unit: DRUNKARDS WASH

☐ R649-3-2. General☐ R649-3-3. Exception☒ Drilling Unit

Board Cause No: Cause 243-02

Effective Date: 7/13/1999

Siting: 460' Fr U Bdry & Uncommitted Tracts

☐ R649-3-11. Directional Drill

Comments: Presite Completed

Stipulations: 5 - Statement of Basis - bhill

RECEIVED: June 11, 2012



GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

Permit To Drill

Well Name: Thomas 20-1
API Well Number: 43007502560000
Lease Number: FEE
Surface Owner: FEE (PRIVATE)
Approval Date: 6/11/2012

Issued to:

CBM PRODUCTION LLC, PO Box 393, Ephraim, UT 84627

Authority:

Pursuant to Utah Code Ann. 40-6-1 et seq., and Utah Administrative Code R649-3-1 et seq., the Utah Division of Oil, Gas and Mining issues conditions of approval, and permit to drill the listed well. This permit is issued in accordance with the requirements of Cause 243-02. The expected producing formation or pool is the FERRON COAL Formation(s), completion into any other zones will require filing a Sundry Notice (Form 9). Completion and commingling of more than one pool will require approval in accordance with R649-3-22.

Duration:

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date

General:

Compliance with the requirements of Utah Admin. R. 649-1 et seq., the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

Conditions of Approval:

Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis (copy attached).

Additional Approvals:

The operator is required to obtain approval from the Division of Oil, Gas and mining before performing any of the following actions during the drilling of this well:

- Any changes to the approved drilling plan - contact Dustin Doucet
- Significant plug back of the well - contact Dustin Doucet
- Plug and abandonment of the well - contact Dustin Doucet

Notification Requirements:

The operator is required to notify the Division of Oil, Gas and Mining of the following actions during drilling of this well:

- Within 24 hours following the spudding of the well - contact Carol Daniels OR submit an electronic sundry notice (pre-registration required) via the Utah Oil & Gas website at <http://oilgas.ogm.utah.gov>
- 24 hours prior to testing blowout prevention equipment - contact Dan Jarvis
- 24 hours prior to cementing or testing casing - contact Dan Jarvis
- Within 24 hours of making any emergency changes to the approved drilling program
 - contact Dustin Doucet
- 24 hours prior to commencing operations to plug and abandon the well - contact Dan Jarvis

Contact Information:

The following are Division of Oil, Gas and Mining contacts and their telephone numbers (please leave a voicemail message if the person is not available to take the call):

- Carol Daniels 801-538-5284 - office
- Dustin Doucet 801-538-5281 - office
801-733-0983 - after office hours
- Dan Jarvis 801-538-5338 - office
801-231-8956 - after office hours

Reporting Requirements:

All reports, forms and submittals as required by the Utah Oil and Gas Conservation General Rules will be promptly filed with the Division of Oil, Gas and Mining, including but not limited to:

- Entity Action Form (Form 6) - due within 5 days of spudding the well
- Monthly Status Report (Form 9) - due by 5th day of the following calendar month
- Requests to Change Plans (Form 9) - due prior to implementation
- Written Notice of Emergency Changes (Form 9) - due within 5 days
- Notice of Operations Suspension or Resumption (Form 9) - due prior to implementation
- Report of Water Encountered (Form 7) - due within 30 days after completion
- Well Completion Report (Form 8) - due within 30 days after completion or plugging

Approved By:



For John Rogers
Associate Director, Oil & Gas

CONFIDENTIAL

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

MAY 14 2013

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL

OIL WELL ☐GAS WELL ☒

OTHER _____

2. NAME OF OPERATOR:

CBM Production, LLC

3. ADDRESS OF OPERATOR:

PO Box 393

CITY Ephraim

STATE UT

ZIP 84627

PHONE NUMBER:

(435) 691-6000

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 659.33' FWL & 658.00' FNL

COUNTY: Carbon

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNW 20 14S 9E

STATE:

UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: 5/10/2013	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: Spud
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

The above well spud (16" conductor @ 18.5') on May 10, 2013. Cemented with 3 yards 6 sxs cement.

NAME (PLEASE PRINT) Deric Shelley

TITLE Member

SIGNATURE

DATE

5/14/2013

(This space for State use only)

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

MAY 14 2013

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: Fee
2. NAME OF OPERATOR: CBM Production, LLC		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A
3. ADDRESS OF OPERATOR: PO Box 393 CITY Ephraim STATE UT ZIP 84627		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: 659.33' FWL & 658.00' FNL		8. WELL NAME and NUMBER: Thomas 20-1
5. PHONE NUMBER: (435) 691-6000		9. API NUMBER: 4300750256
6. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNW 20 14S 9E		10. FIELD AND POOL, OR WILDCAT: Drunkards Wash

COUNTY: Carbon

STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: <u>5/15/2013</u>	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion:	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>Drill</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

The above well is intended to start drilling on 5/15/2013.

NAME (PLEASE PRINT) <u>Deric Shelley</u>	TITLE <u>Member</u>
SIGNATURE <u>Deric Shelley</u>	DATE <u>5/14/2013</u>

(This space for State use only)

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		FORM 9
SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		5. LEASE DESIGNATION AND SERIAL NUMBER: FEE
		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
		7. UNIT or CA AGREEMENT NAME:
1. TYPE OF WELL Gas Well		8. WELL NAME and NUMBER: THOMAS 20-1
2. NAME OF OPERATOR: CBM PRODUCTION LLC		9. API NUMBER: 43007502560000
3. ADDRESS OF OPERATOR: PO Box 393, Ephraim, UT, 84627		9. FIELD and POOL or WILDCAT: DRUNKARDS WASH
4. LOCATION OF WELL FOOTAGES AT SURFACE: 0658 FNL 0659 FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NWNW Section: 20 Township: 14.0S Range: 09.0E Meridian: S		COUNTY: CARBON
		STATE: UTAH

11.

CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT Approximate date work will start:	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> CASING REPAIR
<input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion:	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> CHANGE WELL NAME
<input type="checkbox"/> SPUD REPORT Date of Spud:	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> CONVERT WELL TYPE
<input checked="" type="checkbox"/> DRILLING REPORT Report Date: 5/28/2013	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> NEW CONSTRUCTION
	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> PLUG BACK
	<input type="checkbox"/> PRODUCTION START OR RESUME	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION
	<input type="checkbox"/> REPERFORATE CURRENT FORMATION	<input type="checkbox"/> SIDETRACK TO REPAIR WELL	<input type="checkbox"/> TEMPORARY ABANDON
	<input type="checkbox"/> TUBING REPAIR	<input type="checkbox"/> VENT OR FLARE	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> WATER SHUTOFF	<input type="checkbox"/> SI TA STATUS EXTENSION	<input type="checkbox"/> APD EXTENSION
	<input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> OTHER	OTHER: <input type="text"/>

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Attached please find the initial drilling reports for the Thomas 20-1 beginning 5-15-2013 and ending 5-28-2013.

Accepted by the
Utah Division of
Oil, Gas and Mining
FOR RECORD ONLY
 June 04, 2013

NAME (PLEASE PRINT) Kerry Sorenson	PHONE NUMBER 435 529-3360	TITLE Managing Member
SIGNATURE N/A		DATE 6/4/2013

Thomas 20-1

NW/4 NW/4, Section 20, T14S, R9E, SLB&M; Carbon County, Utah

CBM Production, LLC

Rig# 070-043

5-15-2013: Footage-0

Day Shift: Footage Drilled 0, Hole Depth 0

Mob equipment from Salt Lake City to Price Utah. 129 mile MOB.

Night Shift: Footage Drilled 0, Hole Depth 0

5-16-2013: Footage-84

Day Shift: Footage Drilled 0, Hole Depth 0

POD/Safety. Rigging up on hole. Slower rig up due to dolly brackets not fitting between jack pad. Had to modify jack pad. Make adapter for the blooie line to the diverter.

Night Shift: Footage Drilled 84, Hole Depth 101

POD/Safety. Finish rigging up. DNR Representative showed up and did not want us to proceed with the drilling due to location not having berms around location edge. Client and DNR rep. resolved the issue and got ok to proceed. Make up tools and tag cement at 17'. Drill from 17' to 81' and condition hole. stop drilling to fix leaking water swivel and several other fittings on manifold and stand pipe. Drill from 81' to 101'.

5-17-2013: Footage-302

Day Shift: Footage Drilled 279, Hole Depth 380

POD/Safety. Drill From 101' to 380' and condition hole. Skid compressor fan belt came loss and over-heated.

Night Shift: Footage Drilled 23, Hole Depth 403

Comments: POD/Safety. Drill from 380' to 403' TD. Condition hole and trip out. Rig up to run casing and run 8 5/8 casing to 403'. Cement casing 275 sks cement and wait on cement.

5-18-2013: Footage-356

Day Shift: Footage Drilled 0, Hole Depth 0

POD/Safety. Wait on cement. Rig off of casing rig up BOP and Diverter and test BOP. Test Blind rams and pipe rams at 1000 psi low for 5 min. 2000 psi high for 10min. Tested good.

Night Shift: Footage Drilled 356, Hole Depth 631

POD/Safety. Finish rigging up/ spool new wire line. Trip in to 275', drill out cement, plug, float and shoe. Drill from 403' to 551', condition hole and survey at 511' Inc. Drill from 551' to 631'.

5-19-2013: Footage-1000

Day Shift: Footage Drilled 600, Hole Depth 1231

POD/Safety. Drill from 631' to 1231' and condition hole.

Night Shift: Footage Drilled 400, Hole Depth 1631

POD/Safety. Drill from 1231' to 1551' Condition hole and survey at 1511' Inc.0.8. Drill from 1551' to 1631' and condition hole.

5-20-2013: Footage-525

Day Shift: Footage Drilled 325, Hole Depth 1956

POD/Safety. Drill from 1631' to 1956' and condition hole.

Night Shift: Footage Drilled 200, Hole Depth 2156

POD/Safety. Tighten loose Hyd. Fitting on drill. Drill from 1956' to 2036'. Trouble shoot problem on Compressor #1. Batteries are not charging. Drill from 2036' to 2156 and condition hole.

5-21-2013: Footage-600

Day Shift: Footage Drilled 280, Hole Depth 2436

POD/Safety. Drill from 2156' to 2436' and condition hole.

Night Shift: Footage Drilled 320, Hole Depth 2756

POD/Safety. Put needle valve on wire line spool. Drill from 2436' to 2556' and condition hole.

Survey at 2516' Inc. 1.2. Drill from 2556' to 2756' and condition hole.

5-22-2013: Footage-114

Day Shift: Footage Drilled 114, Hole Depth 2870

POD/Safety. Drill from 2756' to 2870'. Skid mount compressor caught fire, put out fire and assess situation. Condition hole and try to drill. Rig up to pump poly water down drill pipe to hold gas down. Pumped 20 bbls. Hit gas between 2800' and 2830'. Start to trip out of hole to change bit. Hammer bit is gauged down.

Night Shift: Footage Drilled 0, Hole Depth 0

POD/Safety. Finish trip out. Fix o ring on hyd. Hose on mast leg. Did not have the correct float valve for the drill string. Try to locate float and wait on float.

5-23-2013: Footage-0

Day Shift: Footage Drilled 0, Hole Depth 0

POD/Safety. Wait for float valve. Make up BHA. And trip in hole to 1792'. Drill hydraulics stopped work properly. Lost rotation and rapid feed pressure. Trouble shoot and wait on mechanics.

Night Shift: Footage Drilled 0, Hole Depth 0

POD/Safety. Trouble shoot hydraulic system with the mechanics. Wait for CMX valve.

5-24-2013: Footage-60

Day Shift: Footage Drilled 0, Hole Depth 0

POD/Safety. Wait for CMX valve. Replace CMX valve. Trip in for 1792' to 2590' and ream in from 2590' to 2870'

Night Shift: Footage Drilled 60, Hole Depth 2930

POD/Safety. Drill from 2870' to 2930' and condition hole. Hard formation.

5-25-2013: Footage-140

Day Shift: Footage Drilled 80, Hole Depth 3010

POD/Safety. Drill from 2930' to 3010' and condition hole. Drill is still slow, formation is hard.

Night Shift: Footage Drilled 60, Hole Depth 3070

POD/Safety. Drill from 3010' to 3070' and condition hole.

5-26-2013: Footage-56

Day Shift: Footage Drilled 56, Hole Depth 3126

POD/Safety. Drill from 3070' to 3126' condition hole and survey at 3111' Inc 1.0. Mix up and pump KCL. 200 bbls. Trip out from 3126' to 200'.

Night Shift: Footage Drilled 0, Hole Depth 0

POD/Safety. Trip out Collars. Log hole, log tagged up at 2630'. Log up from 2630'. Trip in to 2630' hit a ledge continue trip to 2840' tag bridge. Shut drill down to engage compressor try to start drill and starter caught fire. Wait on new starter.

5-27-2013: Footage-0

Day Shift: Footage Drilled 0, Hole Depth 0

POD/Safety. Wait on starter for drill and install new starter on drill. Lift hole and clean out bridge at 2840'. Trip in hole and lift every 120' to 3126'. Condition hole with poly, foam and gel. Pump 30bbls of KCL down drill pipe and trip out. Pipe came out of hole good. blew alot of coal when conditioning hole.

Night Shift: Footage Drilled 0, Hole Depth 0

POD/Safety. Log hole to 2840', hole bridged off at 2840'. Rig up to run casing and run casing to 3116'. Rig up cementers.

5-28-2013: Footage-0

Day Shift: Footage Drilled 0, Hole Depth 0

POD/Safety. Cement casing. Hold casing tell cement will hold casing. Rig down for move. NO

Night Shift: Footage Drilled 0, Hole Depth 0

NO NIGHT SHIFT

Thomas 20-1

NW/4 NW/4, Section 20, T14S, R9E, SLB&M; Carbon County, Utah

CBM Production, LLC

Rig# 070-043

5-15-2013: Footage-0

Day Shift: Footage Drilled 0, Hole Depth 0

Mob equipment from Salt Lake City to Price Utah. 129 mile MOB.

Night Shift: Footage Drilled 0, Hole Depth 0

5-16-2013: Footage-84

Day Shift: Footage Drilled 0, Hole Depth 0

POD/Safety. Rigging up on hole. Slower rig up due to dolly brackets not fitting between jack pad. Had to modify jack pad. Make adapter for the blooie line to the diverter.

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5-18-2013: Footage-356

Day Shift: Footage Drilled 0, Hole Depth 0

POD/Safety. Wait on cement. Rig off of casing rig up BOP and Diverter and test BOP. Test Blind rams and pipe rams at 1000 psi low for 5 min. 2000 psi high for 10min. Tested good.

Night Shift: Footage Drilled 356, Hole Depth 631

POD/Safety. Finish rigging up/ spool new wire line. Trip in to 275', drill out cement, plug, float and shoe. Drill from 403' to 551', condition hole and survey at 511' Inc. Drill from 551' to 631'.

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Day Shift: Footage Drilled 600, Hole Depth 1231

POD/Safety. Drill from 631' to 1231' and condition hole.

Night Shift: Footage Drilled 400, Hole Depth 1631

POD/Safety. Drill from 1231' to 1551' Condition hole and survey at 1511' Inc.0.8. Drill from 1551' to 1631' and condition hole.

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Day Shift: Footage Drilled 325, Hole Depth 1956

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Night Shift: Footage Drilled 0, Hole Depth 0

POD/Safety. Finish trip out. Fix o ring on hyd. Hose on mast leg. Did not have the correct float valve for the drill string. Try to locate float and wait on float.

5-23-2013: Footage-0

Day Shift: Footage Drilled 0, Hole Depth 0

POD/Safety. Wait for float valve. Make up BHA. And trip in hole to 1792'. Drill hydraulics stopped work properly. Lost rotation and rapid feed pressure. Trouble shoot and wait on mechanics.

Night Shift: Footage Drilled 0, Hole Depth 0

POD/Safety. Trouble shoot hydraulic system with the mechanics. Wait for CMX valve.

5-24-2013: Footage-60

Day Shift: Footage Drilled 0, Hole Depth 0

POD/Safety. Wait for CMX valve. Replace CMX valve. Trip in for 1792' to 2590' and ream in from 2590' to 2870'

Night Shift: Footage Drilled 60, Hole Depth 2930

POD/Safety. Drill from 2870' to 2930' and condition hole. Hard formation.

5-25-2013: Footage-140

Day Shift: Footage Drilled 80, Hole Depth 3010

POD/Safety. Drill from 2930' to 3010' and condition hole. Drill is still slow, formation is hard.

Night Shift: Footage Drilled 60, Hole Depth 3070

POD/Safety. Drill from 3010' to 3070' and condition hole.

5-26-2013: Footage-56

Day Shift: Footage Drilled 56, Hole Depth 3126

POD/Safety. Drill from 3070' to 3126' condition hole and survey at 3111' Inc 1.0. Mix up and pump KCL. 200 bbls. Trip out from 3126' to 200'.

Night Shift: Footage Drilled 0, Hole Depth 0

POD/Safety. Trip out Collars. Log hole, log tagged up at 2630'. Log up from 2630'. Trip in to 2630' hit a ledge continue trip to 2840' tag bridge. Shut drill down to engage compressor try to start drill and starter caught fire. Wait on new starter.

5-27-2013: Footage-0

Day Shift: Footage Drilled 0, Hole Depth 0

POD/Safety. Wait on starter for drill and install new starter on drill. Lift hole and clean out bridge at 2840'. Trip in hole and lift every 120' to 3126'. Condition hole with poly, foam and gel. Pump 30bbls of KCL down drill pipe and trip out. Pipe came out of hole good. blew alot of coal when conditioning hole.

Night Shift: Footage Drilled 0, Hole Depth 0

POD/Safety. Log hole to 2840', hole bridged off at 2840'. Rig up to run casing and run casing to 3116'. Rig up cementers.

5-28-2013: Footage-0

Day Shift: Footage Drilled 0, Hole Depth 0

POD/Safety. Cement casing. Hold casing tell cement will hold casing. Rig down for move. NO

Night Shift: Footage Drilled 0, Hole Depth 0

NO NIGHT SHIFT

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		FORM 9
SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		5. LEASE DESIGNATION AND SERIAL NUMBER: FEE
		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
		7. UNIT or CA AGREEMENT NAME:
1. TYPE OF WELL Gas Well	8. WELL NAME and NUMBER: THOMAS 20-1	
2. NAME OF OPERATOR: CBM PRODUCTION LLC	9. API NUMBER: 43007502560000	
3. ADDRESS OF OPERATOR: PO Box 393, Ephraim, UT, 84627	PHONE NUMBER: 435 691-6000 Ext	9. FIELD and POOL or WILDCAT: DRUNKARDS WASH
4. LOCATION OF WELL FOOTAGES AT SURFACE: 0658 FNL 0659 FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NWNW Section: 20 Township: 14.0S Range: 09.0E Meridian: S	COUNTY: CARBON	
		STATE: UTAH

11.

CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> NOTICE OF INTENT Approximate date work will start:	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> CASING REPAIR	
<input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion:	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> CHANGE WELL NAME	
<input type="checkbox"/> SPUD REPORT Date of Spud:	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> CONVERT WELL TYPE	
<input checked="" type="checkbox"/> DRILLING REPORT Report Date: 5/30/2013	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> NEW CONSTRUCTION	
	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> PLUG BACK	
	<input type="checkbox"/> PRODUCTION START OR RESUME	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION	
	<input type="checkbox"/> REPERFORATE CURRENT FORMATION	<input type="checkbox"/> SIDETRACK TO REPAIR WELL	<input type="checkbox"/> TEMPORARY ABANDON	
	<input type="checkbox"/> TUBING REPAIR	<input type="checkbox"/> VENT OR FLARE	<input type="checkbox"/> WATER DISPOSAL	
	<input type="checkbox"/> WATER SHUTOFF	<input type="checkbox"/> SI TA STATUS EXTENSION	<input type="checkbox"/> APD EXTENSION	
	<input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> OTHER	OTHER: <input style="width: 100px;" type="text"/>	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Attached please find the second drilling reports for the Thomas 20-1 beginning 5-29-2013 and ending 5-30-2013.

Accepted by the
Utah Division of
Oil, Gas and Mining
FOR RECORD ONLY
 June 11, 2013

NAME (PLEASE PRINT) Kerry Sorenson	PHONE NUMBER 435 529-3360	TITLE Managing Member
SIGNATURE N/A		DATE 6/6/2013

Thomas 20-1

NW/4 NW/4, Section 20, T14S, R9E, SLB&M; Carbon County, Utah

CBM Production, LLC

Rig# 070-043

5-29-2013: Footage-0

Day Shift: Client 0, Major 8, Footage Drilled 0, Hole Depth 0
POD/Safety. Loading up equipment for demob.

Night Shift: NO NIGHT SHIFT

5-30-2013: Footage-0

Day Shift: Footage Drilled 0, Hole Depth 0
POD/Safety. Demob from Price Ut to Salt Lake City Ut. 130 Mile mob

Night Shift: NO NIGHT SHIFT

RECEIVED

MAY 22 2013

CONFIDENTIAL

FORM 9

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

DIV. OF OIL, GAS & MINING

LEASE DESIGNATION AND SERIAL NUMBER:

Fee

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL

OIL WELL ☐GAS WELL ☒

OTHER _____

8. IF INDIAN, ALLOTTEE OR TRIBE NAME:

N/A

7. UNIT or CA AGREEMENT NAME:

8. WELL NAME and NUMBER:

Thomas 20-1

2. NAME OF OPERATOR:

CBM Production, LLC

9. API NUMBER:

4300750256

3. ADDRESS OF OPERATOR:

PO Box 393

CITY Ephraim

STATE UT

ZIP 84627

PHONE NUMBER:

(435) 691-6000

10. FIELD AND POOL, OR WILDCAT:

Drunkards Wash

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 659.33' FWL & 658.00' FNL

COUNTY: Carbon

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNW 20 14S 9E

STATE:

UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: 5/16/2013	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input checked="" type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion:	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Surface casing is permitted to 400', we would like to set casing to 403.77' so we do not have to cut a casing.

COPY SENT TO OPERATOR

Date: 6-7-2013

Initials: KLS

NAME (PLEASE PRINT) Deric Shelley

TITLE Manager

SIGNATURE

DATE 5/22/2013

(This space for State use only)

APPROVED BY THE STATE
OF UTAH DIVISION OF
OIL, GAS, AND MINING
DATE 6/3/2013
BY: D. K. R. #

UTAH DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas & Mining
Oil and Gas Program
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, UT 84114-5801
(801) 538-5340 Phone
(801) 359-3940 Fax

**NOTICE OF VIOLATION
STATE OF UTAH
OIL AND GAS CONSERVATION ACT**

TO THE FOLLOWING OPERATOR:

Name: CBM Production LLC - Troy Shelley, Managing Member(435-691-6000)

Mailing Address: P. O. Box 393

Ephraim, Utah 84627

Well or Site: Thomas 20-1

API#: 43-007-50256

Location: Section 20 Township 14S Range 9E

County Carbon

Date and Time of Inspection: June 7, 2013

Under the authority of the Utah Oil and Gas Conservation Act, Section 40-6 et. Seq., Utah Code Annotated, 1953, as amended, the undersigned authorized representative of the Utah Division of Oil, Gas and Mining, has conducted an inspection of the above described site and/or records on the above date and has found alleged violation(s) of the act, rules or permit conditions as described below.

Utah Code 40-6-11 Power to summon witnesses, administer oaths and require production of records - - Enforcement - - Penalties for violation of chapter or rules - - Illegal oil or gas - - Civil liability.

40-6-11.(4) (a) If the board determines, after an adjudicative proceeding, that any person has violated any provision of this chapter, or any permit, rule or order made under the provisions of this chapter, that person is subject, in a civil proceeding, to a penalty not exceeding \$5,000 per day for each day of violation.

40-6-11.(4) (b) If the board determines that the violation is willful, that person may be fined not more than \$10,000 for each day of violation.

Description of Violation(s): Application for Permit to Drill / Conditions of Approval, Rule R649-3-16. Reserve Pits and Other On-Site Pits, and R649-3-15.1. Pollution and Surface Damage Control

1. Synthetic reserve pit liner not properly installed and maintained in the reserve pit. N1/2 liner torn at/below water level, and dirt from west slope of reserve pit falling into pit, mostly N1/2 but some into S1/2.
2. Reserve pit not fenced properly, mostly N1/2 but some of S1/2.
3. Garbage in dumpster not secured.

The following action should be taken to remedy this violation(s):

If reserve pit is to be used for further well completion operations; remove water from N1/2 of reserve pit & dispose at a Division approved water disposal facility, replace liner (16 mil minimum) & secure dirt on west slope to prevent it from falling into the pit. Install fencing to protect livestock & wildlife. Empty dumpster at a state/local approved waste facility. If reserve pit no longer needed, remove water from N1/2 & dispose at a Division approved water disposal facility and reclaim the pit in accordance with landowners "Robert Thomas/435-637-5596" agreement.

Additional Information/Material Attached? No

Compliance deadline: June 26, 2013

Date of Service Mailing: June 12, 2013

Certified Mail No: 7011 0110 0001 3568 2431

This notice shall remain in effect until it is modified, terminated, or vacated by a written notice of an authorized representative of the director of the Division of Oil, Gas and Mining.

Failure to resolve this violation as described above, will result in the Division pursuing enforcement action as outlined in Rule R649-10, Administrative Procedures, and Section 40-6-11 of the Utah Code.

Lisha Cordova
Division Representative Signature

N/A
Operator Representative (if presented in person)

Name/Title: Lisha Cordova, Env. Scientist
cc: LC, DJ, BH, MJ, CD, Well File, Compliance File

Phone: 801-538-5296

UTAH DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas & Mining
Oil and Gas Program
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, UT 84114-5801
(801) 538-5340 Phone
(801) 359-3940 Fax

**SATISFACTORY CLOSURE OF VIOLATION
STATE OF UTAH
OIL AND GAS CONSERVATION ACT**

TO THE FOLLOWING OPERATOR:

Name: CBM Production LLC – Troy Shelley, Managing Member (435-691-6000)

Mailing Address: P.O. Box 393
Ephraim, Utah 84627

Well or Site: Thomas 20-1 API#: 43-007-50256

Location: Section 20, Township 14S, Range 9E County: Carbon

Date and Time of Inspection: July 5, 2013

**THIS DOCUMENT BRINGS CLOSURE TO A NOTICE OF VIOLATION
SENT TO THE ABOVE OPERATOR AND DATED: June 12, 2013**

The Utah Division of Oil, Gas and Mining hereby acknowledges that the alleged violation of the act, rules or permit conditions as described below (as pertaining to the Utah Oil and Gas Conservation Act, Section 40-6 et. Seq., Utah Code Annotated, 1953, as amended), has been satisfactorily resolved in a manner acceptable to the division.

Description of Violation(s): Application for Permit to Drill / Conditions of Approval, Rule R649-3-16. Reserve Pits and Other On-Site Pits, and R649-3-15.1. Pollution and Surface Damage Control.

1. Synthetic reserve pit liner not properly installed and maintained in the reserve pit. N1/2 liner torn at/below water level, and dirt from west slope of reserve pit falling into pit, mostly N1/2 but some into S1/2.
2. Reserve pit not fenced properly, mostly N1/2 but some of S1/2.
3. Garbage in dumpster not secured.

The following action was taken by the operator:

1. N1/2 of reserve pit closed & in process of being reclaimed.
2. S1/2 of lined reserve pit fully fenced.
3. Garbage in dumpster removed.

Future expectations or requirements:

Compliance; Application for Permit to Drill / Conditions of Approval, and aforementioned rules.

MATTER CLOSED: July 5, 2013

Division Representative Signature: Lisha Cordova

Date: July 10, 2013

Name and Title: Lisha Cordova, Env. Scientist

Phone: (801) 538-5296

cc: LC, DJ, BH, MJ, CD, Well File, Compliance File

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

AMENDED REPORT ☐ FORM 8
(highlight changes)

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. TYPE OF WELL:		OIL WELL <input type="checkbox"/>	GAS WELL <input checked="" type="checkbox"/>	DRY <input type="checkbox"/>	OTHER _____	5. LEASE DESIGNATION AND SERIAL NUMBER:
b. TYPE OF WORK:		NEW WELL <input checked="" type="checkbox"/>	HORIZ. LATS. <input type="checkbox"/>	DEEP-EN <input type="checkbox"/>	RE-ENTRY <input type="checkbox"/>	6. IF INDIAN, ALLOTTEE OR TRIBE NAME
			DIFF. RESVR. <input type="checkbox"/>	OTHER _____		7. UNIT or CA AGREEMENT NAME
2. NAME OF OPERATOR:		CBM Production				FEE
3. ADDRESS OF OPERATOR:		P. O. Box 155		CITY Aurora	STATE UT ZIP 84620	8. WELL NAME and NUMBER:
					PHONE NUMBER: (435) 691-6000	Thomas 20-1
4. LOCATION OF WELL (FOOTAGES)		AT SURFACE: 658' FNL & 659' FWL				9. API NUMBER:
		AT TOP PRODUCING INTERVAL REPORTED BELOW:				43-007-50256
		AT TOTAL DEPTH:				10 FIELD AND POOL, OR WILDCAT
						Drunkards Wash
						11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:
						NWNW 20 14S 09E S
						12. COUNTY
						Carbon
						13. STATE
						UTAH
14. DATE SPUDDED:	15. DATE T.D. REACHED:	16. DATE COMPLETED:		ABANDONED <input type="checkbox"/> READY TO PRODUCE <input checked="" type="checkbox"/>		17. ELEVATIONS (DF, RKB, RT, GL):
5/19/2013	5/27/2013	8/28/2013				6587 GL
18. TOTAL DEPTH: MD 3,126		19. PLUG BACK T.D.: MD 3,016		20. IF MULTIPLE COMPLETIONS, HOW MANY? *		21. DEPTH BRIDGE MD
TVD		TVD		NA		PLUG SET: TVD
22. TYPE ELECTRIC AND OTHER MECHANICAL LOGS RUN (Submit copy of each)				23.		
cement bond, Gamma Ray, CCL log				WAS WELL CORED? NO <input checked="" type="checkbox"/> YES <input type="checkbox"/> (Submit analysis)		
				WAS DST RUN? NO <input checked="" type="checkbox"/> YES <input type="checkbox"/> (Submit report)		
				DIRECTIONAL SURVEY? NO <input type="checkbox"/> YES <input type="checkbox"/> (Submit copy)		

24. CASING AND LINER RECORD (Report all strings set in well)

HOLE SIZE	SIZE/GRADE	WEIGHT (#/ft.)	TOP (MD)	BOTTOM (MD)	STAGE CEMENTER DEPTH	CEMENT TYPE & NO. OF SACKS	SLURRY VOLUME (BBL)	CEMENT TOP **	AMOUNT PULLED
14.75"	H-40 12"	40.5	0	50				surface	0
11"	8 5/8"	24	0	408	1	275		surface	0
7.875"	5.5	15.5	0	3,116	1	350		1798'	0

25. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
2 7/8"	2,991							

26. PRODUCING INTERVALS

FORMATION NAME	TOP (MD)	BOTTOM (MD)	TOP (TVD)	BOTTOM (TVD)
(A) Ferron	2,804	3,006		
(B)				
(C)				
(D)				

27. PERFORATION RECORD

INTERVAL (Top/Bot - MD)	SIZE	NO. HOLES	PERFORATION STATUS	
2,806 2,984	7/16	42	Open <input checked="" type="checkbox"/>	Squeezed <input type="checkbox"/>
			Open <input type="checkbox"/>	Squeezed <input type="checkbox"/>
			Open <input type="checkbox"/>	Squeezed <input type="checkbox"/>
			Open <input type="checkbox"/>	Squeezed <input type="checkbox"/>

28. ACID, FRACTURE, TREATMENT, CEMENT SQUEEZE, ETC.

WAS WELL HYDRAULICALLY FRACTURED? YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>		IF YES - DATE FRACTURED: _____
DEPTH INTERVAL	AMOUNT AND TYPE OF MATERIAL	
2806-2895	50400# 20/40 21600# 16/30 & 37364 gal fluid 24'	
2920-2984	14881# 20/40 screened out & 26166 gal fluid 18'	
	Frac gradient .106 ISIP 1763 PSI	

29. ENCLOSED ATTACHMENTS:

- | | | | |
|---|--|---------------------------------------|---|
| <input checked="" type="checkbox"/> ELECTRICAL/MECHANICAL LOGS | <input type="checkbox"/> GEOLOGIC REPORT | <input type="checkbox"/> DST REPORT | <input type="checkbox"/> DIRECTIONAL SURVEY |
| <input type="checkbox"/> SUNDRY NOTICE FOR PLUGGING AND CEMENT VERIFICATION | <input type="checkbox"/> CORE ANALYSIS | <input type="checkbox"/> OTHER: _____ | |

30. WELL STATUS:

(CONTINUED ON BACK)

31. INITIAL PRODUCTION

INTERVAL A (As shown in item #26)

DATE FIRST PRODUCED: <u>7/29/14</u>	TEST DATE: <u>7/29/14</u>	HOURS TESTED: <u>6</u>	TEST PRODUCTION RATES: →	OIL – BBL: <u>N/A</u>	GAS – MCF: <u>1.3 mcf</u>	WATER – BBL: <u>.08</u>	PROD. METHOD: <u>Pumping</u>
CHOKE SIZE: <u>open</u>	TBG. PRESS. <u>25 lbs</u>	CSG. PRESS. <u>42 lbs</u>	API GRAVITY	BTU – GAS	GAS/OIL RATIO <u>N/A</u>	24 HR PRODUCTION RATES: →	INTERVAL STATUS:

INTERVAL B (As shown in item #26)

DATE FIRST PRODUCED:	TEST DATE:	HOURS TESTED:	TEST PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	INTERVAL STATUS:

INTERVAL C (As shown in item #26)

DATE FIRST PRODUCED:	TEST DATE:	HOURS TESTED:	TEST PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	INTERVAL STATUS:

INTERVAL D (As shown in item #26)

DATE FIRST PRODUCED:	TEST DATE:	HOURS TESTED:	TEST PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	INTERVAL STATUS:

32. DISPOSITION OF GAS (Sold, Used for Fuel, Vented, Etc.)

this information will be forward after test & gas contract is obtained

33. SUMMARY OF POROUS ZONES (Include Aquifers):

Show all important zones of porosity and contents thereof: Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

34. FORMATION (Log) MARKERS:

Formation	Top (MD)	Bottom (MD)	Descriptions, Contents, etc.	Name	Top (Measured Depth)
Ferron	2,804	3,006	SS, carbonous shales, & coal		

35. ADDITIONAL REMARKS (Include plugging procedure)

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records.

NAME (PLEASE PRINT) Troy ShelleyTITLE operator

SIGNATURE _____

DATE _____

This report must be submitted within 30 days of

- completing or plugging a new well
- drilling horizontal laterals from an existing well bore
- recompleting to a different producing formation
- reentering a previously plugged and abandoned well
- significantly deepening an existing well bore below the previous bottom-hole depth
- drilling hydrocarbon exploratory holes, such as core samples and stratigraphic tests

* ITEM 20: Show the number of completions if production is measured separately from two or more formations.

** ITEM 24: Cement Top – Show how reported top(s) of cement were determined (circulated (CIR), calculated (CAL), cement bond log (CBL), temperature survey (TS)).

Send to: Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

Phone: 801-538-5340

Fax: 801-359-3940



GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

April 9, 2015

CERTIFIED MAIL NO. 7011 2970 0001 8828 1153

Mr. Troy Shelly
CBM Production, LLC
P.O. Box 155
Aurora, CO 84620

43 007 50256
Thomas 20-1
20 14S 9E

Subject: Extended Shut-in and Temporary Abandoned Well Requirements for Fee or State Leases

Dear Mr. Shelly:

As of April 2015, CBM Production, LLC (CBM) has one (1) Fee Lease Well (see attachment A) that is currently in non-compliance with the requirements for extended shut-in or temporarily abandoned (SI/TA) status. This well was completed August 28, 2013 and has not had any production since. The Division understands that CBM is having issues obtaining a gathering line. This does not preclude the well of the requirements to meet Rule R649-3-36-1 as listed below. It has also been brought to the Divisions attention that the landowner has complained about wanting the pit to be closed. This matter should be resolved as soon as possible.

Wells SI/TA beyond twelve (12) consecutive months requires filing a Sundry Notice via ePermit (R649-3-36-1). Wells with five (5) years non-activity or non-productivity shall be plugged, unless the Division grants approval for extended shut-in time upon a showing of good cause by the operator (649-3-36-1.3.3). For extended SI/TA consideration the operator shall provide the Utah Division of Oil, Gas & Mining with the following:

1. Reasons for SI/TA of the well (R649-3-36-1.1).
2. The length of time the well is expected to be SI/TA (R649-3-36-1.2), and
3. An explanation and supporting data if necessary, for showing the well has integrity, meaning that the casing, cement, equipment condition, static fluid level, pressure, existence or absence of Underground Sources of Drinking Water and other factors do not make the well a risk to public health and safety or the environment (R649-3-36-1.3).

Please note that the Divisions preferred method for showing well integrity is by MIT



Page 2
CBM Production, LLC
April 9, 2015

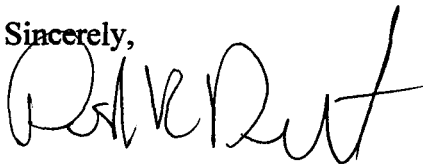
Submitting the information suggested below may help show well integrity and may help qualify your well for extended SI/TA. **Note: As of July 1, 2003, wells in violation of the SI/TA rule R649-3-36 may be subject to full cost bonding (R649-3-1-4.2, 4.3).**

1. Wellbore diagram, and
2. Copy of recent casing pressure test, and
3. Current pressures on the wellbore (tubing pressure, casing pressure, and casing/casing annuli pressure) showing wellbore has integrity, and
4. Fluid level in the wellbore, and
5. An explanation of how the submitted information proves integrity.

All Submittals should be sent via ePermit

If the required information is not received within 30 days of the date of this notice, further actions may be initiated. If you have any questions concerning this matter, please contact me at (801) 538-5281.

Sincerely,



Dustin K. Doucet
Petroleum Engineer

DKD/JP/js

cc: Compliance File
Well File

N:\O&G Reviewed Docs\ChronFile\PetroleumEngineer\SITA

ATTACHMENT A

	Well Name	API	LEASE	Years Inactive
1	THOMAS 20-1	43-007-50256	FEE	1 Year 8 Months



GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

March 15, 2016

CERTIFIED MAIL NO. 7015 0640 0003 5275 9826

Mr. Troy Shelly
CBM Production LLC
720 East 30 North
Ephraim, UT 84642

43 007 50256
Thomas 20-1
20 145 9E

Subject: Extended Shut-in and Temporary Abandoned Well Requirements for Fee or State Leases

Dear Mr. Shelly:

As of January 2016, CBM Production LLC has One (1) Fee Lease Well (see attachment A) that is currently in non-compliance with the requirements for extended shut-in or temporarily abandoned (SI/TA) status. This well has previously been noticed.

Wells SI/TA beyond twelve (12) consecutive months requires filing a Sundry Notice (R649-3-36-1). Wells with five (5) years non-activity or non-productivity shall be plugged, unless the Division grants approval for extended shut-in time upon a showing of good cause by the operator (649-3-36-1.3.3). For extended SI/TA consideration the operator shall provide the Utah Division of Oil, Gas & Mining with the following:

1. Reasons for SI/TA of the well (R649-3-36-1.1).
2. The length of time the well is expected to be SI/TA (R649-3-36-1.2), and
3. An explanation and supporting data if necessary, for showing the well has integrity, meaning that the casing, cement, equipment condition, static fluid level, pressure, existence or absence of Underground Sources of Drinking Water and other factors do not make the well a risk to public health and safety or the environment (R649-3-36-1.3).

Please note that the Divisions preferred method for showing well integrity is by MIT.

Page 2
CBM Production LLC
March 15, 2016

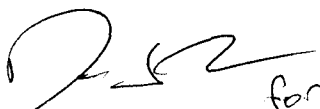
Submitting the information suggested below may help show well integrity and may help qualify your well for extended SI/TA. **Note: As of July 1, 2003, wells in violation of the SI/TA rule R649-3-36 may be subject to full cost bonding (R649-3-1-4.2, 4.3).**

1. Wellbore diagram, and
2. Copy of recent casing pressure test, and
3. Current pressures on the wellbore (tubing pressure, casing pressure, and casing/casing annuli pressure) showing wellbore has integrity, and
4. Fluid level in the wellbore, and
5. An explanation of how the submitted information proves integrity.

All Submittals should be sent via ePermit

If the required information is not received within 30 days of the date of this notice, further actions may be initiated. If you have any questions concerning this matter, please contact me at (801) 538-5281.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dustin K. Doucet', with a small 'for' written below it.

Dustin K. Doucet
Petroleum Engineer

DKD/DD/js

cc: Compliance File
Well File

N:\O&G Reviewed Docs\ChronFile\PetroleumEngineer\SITA

ATTACHMENT A

	Well Name	API	LEASE	Years Inactive
1	Thomas 20-1	4300750256	FEE	2 year(s) 8 month(s)

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		FORM 9
SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		5. LEASE DESIGNATION AND SERIAL NUMBER: FEE
1. TYPE OF WELL Gas Well		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
2. NAME OF OPERATOR: CBM PRODUCTION LLC		7. UNIT or CA AGREEMENT NAME:
3. ADDRESS OF OPERATOR: PO Box 393, Ephraim, UT, 84627		8. WELL NAME and NUMBER: THOMAS 20-1
PHONE NUMBER: 435 691-6000 Ext		9. API NUMBER: 43007502560000
4. LOCATION OF WELL FOOTAGES AT SURFACE: 0658 FNL 0659 FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NWNW Section: 20 Township: 14.0S Range: 09.0E Meridian: S		9. FIELD and POOL or WILDCAT: DRUNKARDS WASH
		COUNTY: CARBON
		STATE: UTAH

11.

CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> NOTICE OF INTENT Approximate date work will start: 12/10/2015	<input type="checkbox"/> ACIDIZE <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> DEEPEN <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> WILDCAT WELL DETERMINATION
<input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion:	<input type="checkbox"/> ALTER CASING <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> FRACTURE TREAT <input checked="" type="checkbox"/> PLUG AND ABANDON <input checked="" type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> SI TA STATUS EXTENSION <input type="checkbox"/> OTHER
<input type="checkbox"/> SPUD REPORT Date of Spud:	<input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> PLUG BACK <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> WATER DISPOSAL <input type="checkbox"/> APD EXTENSION
<input type="checkbox"/> DRILLING REPORT Report Date:	OTHER: <input style="width: 100px;" type="text"/>

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Plan to P&A this well as follows: TOH with tubing and rods Set CIBP at 2795 RIH with 2 7/8 work string to 2790 Cement from 2790 back to 2650 with approximately 28 sks of Clas "G" 15.5 lb cement with estimated yield of 1.15 (estimated 19 cu.ft) Fill hole to surface with 9.5lb gelled mud POH with work string to 420' Cement to surface with approximately 84 sks of class "G" 15.5 lb cement with estimated yield of 1.15 (56 cu. ft.) Weld steel plate on casing 2' below ground level remove all well equipment from location restore location (minus the road which the land owner request to leave in place with the gate. reseed location with recommended seed mix on recommended dates.

**Approved by the
Utah Division of
Oil, Gas and Mining**

Date: December 05, 2016

By: *Derek Dunt*

Please Review Attached Conditions of Approval

NAME (PLEASE PRINT) Kerry Sorenson	PHONE NUMBER 435 529-3360	TITLE Managing Member
SIGNATURE N/A	DATE 12/2/2016	



The Utah Division of Oil, Gas, and Mining

- State of Utah
- Department of Natural Resources

Electronic Permitting System - Sundry Notices

Sundry Conditions of Approval Well Number 43007502560000

- 1. Notify the Division at least 24 hours prior to conducting abandonment operations. Please call Dan Jarvis at 801-538-5338.**
- 2. Amend Plug #2: This plug should be placed inside and outside of the 5 ½" casing. RIH and perforate 5 1/2" @ 420'. Establish circulation down the 5 1/2" casing back up the 5 1/2" x 8 5/8" annulus. M&P 120 sx cement, circulate cement down 5 ½" through perfs back to surface.**
- 3. All balanced plugs shall be tagged to ensure that they are at the depth specified.**
- 4. All annuli shall be cemented from a minimum depth of 100' to the surface.**
- 5. The interval between plugs shall be filled with noncorrosive fluid of adequate density to prevent migration of formation water into or through the well bore (R649-3-24-3.5).**
- 6. Surface reclamation shall be done in accordance with R649-3-34 – Well Site Restoration.**
- 7. All requirements in the Oil and Gas Conservation General Rule R649-3-24 shall apply.**
- 8. If there are any changes to the procedure or the wellbore configuration, notify Dustin Doucet at 801-538-5281 (ofc) or 801-733-0983 (home) prior to continuing with the procedure.**
- 9. All other requirements for notice and reporting in the Oil and Gas Conservation General Rules shall apply.**

11/29/2016

Wellbore Diagram

r263

API Well No: 43-007-50256-00-00

Permit No:

Well Name/No: THOMAS 20-1

Company Name: CBM PRODUCTION LLC

Location: Sec: 20 T: 14S R: 9E Spot: NWNW

Coordinates: X: 504718 Y: 4383229

Field Name: DRUNKARDS WASH

County Name: CARBON

String Information

String	Bottom (ft sub)	Diameter (inches)	Weight (lb/ft)	Length (ft)	Capacity (f/cf)
HOL1	50	14.75			
COND	50	12	40.5	50	
HOL2	408	11			
SURF	408	8.625	24	408	
HOL3	3116	7.875			
PROD	3116	5.5	15.5	3116	7.483
T1	2991	2.875			

Cement from 50 ft.

Conductor: 12 in. @ 50 ft.

Hole: 14.75 in. @ 50 ft.

Cement from 408 ft. to surface

Surface: 8.625 in. @ 408 ft.

Hole: 11 in. @ 408 ft.

* Amend Plug #2

$$\text{out } 12' / (1.15)(4.094) = 35x$$

$$408' / (1.15)(5.192) = 685x$$

$$\text{in } 420' / (1.15)(7.483) = 495x$$

(120x total)

* perf @ 420' circ. cut thru
perfs back to surface

Cement Information

String	BOC (ft sub)	TOC (ft sub)	Class	Sacks
COND	50			
PROD	3116	1798	UK	350
SURF	408	0	UK	275

Perforation Information

Top (ft sub)	Bottom (ft sub)	Shts/Ft	No Shts	Dt Squeeze
2806	2984			

Formation Information

Formation	Depth
FRNCL	2804

Plug #1

Cement from 3116 ft. to 1798 ft.

Tubing: 2.875 in. @ 2991 ft.

Production: 5.5 in. @ 3116 ft.

Hole: 7.875 in. @ 3116 ft.

Hole: Unknown

$$(2852)(1.15)(7.483) = 240'$$

TOC @ 2550' ✓ on.

TD: 3126 TVD: PBTD: 3016